

FBIS**DAILY REPORT**
CONTENTS*Latin America*

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ARGENTINA

Government Responds to UK Decision on Imports	B	1
Issues Communique	B	1
Caputo Explains Response	B	2
Senator Comments	B	5
Justice, Communications Secretaries Replaced	B	5

BOLIVIA

Congress To Meet To Decide on Election Postponement	C	1
FRI To Boycott Session	C	1
Interior Minister Questions Board's Integrity	C	1
Electoral Board President Replies	C	1
Court Denies Ordering Board To Cease Activities	C	1
Electoral Board President's House Hit by Explosion	C	2
COB's Justiniano Says Siles Must Resign	C	2
Lechin Confirms Indefinite Withdrawal From COB	C	3
Diplomatic Relations Established With PRC	C	3

BRAZIL

Sarney Welcomes Political Support From Governors	D	1
Admiral Opposes U.S.-Proposed Area Peace Force	D	1
O GLOBO Says Economic Measures Limited [6 Jul]	D	2

CHILE

Minister Begins Tour of World Finance Centers	E	1
200 Arrested in Occupation of Providencia School	E	1

PARAGUAY

President's Secretary on Party Strife, Succession [HOY 7 Jul]	H	1
Colorado Leaders Discuss 'Sources of Power' [HOY 5 Jul]	H	2
Official Denies Itaipu Turbine Shut Down [EL DIARIO 6 Jul]	H	3
Briefs: New Nigerian Ambassador; Half-Yearly Export Figures	H	3

PERU

Bomb Explosions Hit APRA Offices in Lima	J	1
Further Report	J	1
War Minister Supports Arms Freeze Proposal	J	1
Striking Public Workers Occupy French Embassy	J	2
Strikers Leave Embassy Peacefully	J	2
ILO Offices Also Cleared	J	2

VENEZUELA

Officials Discuss OPEC Meeting, Economic Effects L 1
Briefs: Drug Traffickers Detained L 2

MEXICO

PEMEX Announces Price Reduction for Crude Exports M 1
Trade Balance Surplus Reported for Jan-May M 1
Socialist International Official on Area Debt M 1

CENTRAL AMERICA

COSTA RICA

Monge Not Optimistic About OAS Resolution P 1
Foreign Minister To Attend OAS Meeting P 1
Sandinist Charges on Border Attack Denied P 2
DPA Report P 2

EL SALVADOR

FMLN Leaders Discuss U.S. 'Intervention' P 3
'Surprise' Attack on Guerrillas on El Tigre Hill P 5
[EL MUNDO 8 Jul]
FMLN Mocks Vides on 'Plan To Attack Nicaragua' P 5
[Radio Farabundo Marti]
FMLN Ambushes Airborne Troops in La Ceibita P 6
[Radio Venceremos]
Venceremos Says Officer Among 18 Casualties P 7
Mothers Group Marches on U.S. Embassy 7 July P 7
[Radio Venceremos]

GUATEMALA

Police on State of Alert Throughout Country P 7
[EL GRAFICO 9 Jul]

HONDURAS

Salvadoran President Arrives for Working Visit P 8
Paz Barnica Reports on Security Council Meeting P 8
Criminal Organization Forms To Fight Contraband P 9

NICARAGUA

Ortega Comments on Reagan Remarks, U.S. Policy P 11
Ramirez Calls for Unity To Defend Nicaragua P 13
EPS Troops Kill 41 Contras in Nueva Guinea P 13
[BARRICADA 8 Jul]
CEB Views Bravo Cardinalate as 'Political Decision' P 14
Correction to D'Escoto Calls Reagan 'Cynic' P 14

CUBA

Castro Makes Statements During FELAP Session	Q 1
Discusses Foreign Debt	Q 1
Reiterates Debt Nonpayment	Q 6
Commentary Calls for Debt Cancellation	Q 17
Eighth ANPP Meeting Concludes Sessions	Q 18
Fidel Castro Meets Colombian Congressman	Q 18
Receives Message From Betancur [Managua Domestic]	Q 19
Fidel, Raul Castro Address Youth Delegation	Q 19
Cano Blanco Meets Delegates	Q 19
Trade Union Delegates Arrive for Conference	Q 19
CTC Leader Meets With Union Leaders in Panama	Q 20
Delegation Leaves for Kenya Women's Conference	Q 20
Arrives in Kenya	Q 20
Havana Airs Guyana's Elections Announcement	Q 20
Schedule for Havana City Province Water Rationing	Q 20

CARIBBEAN

Caricom Nations Increase Exports to UK	S 1
--	-----

BAHAMAS

Adderley Condemns International Terrorist Acts [THE TRIBUNE 29 Jun]	S 1
--	-----

BARBADOS

NATION on Holding Caricom Meeting in Guyana	S 2
---	-----

GRENADA

Jamaica, Trinidad-Tobago To Ease Restrictions	S 2
Blaize Discusses Radio Station in Address	S 3

TRINIDAD AND TOBAGO

Government Considers Dual Citizenship Issue	S 3
Demonstrators Support Severance Payment Bill	S 4

GUYANA

Burnham Reports Low Unemployment, 2-Percent Growth	T 1
--	-----

OTHER COUNTRIES

INTER-AMERICAN AFFAIRS

Drug Control Conference Closes in Santiago [Santiago EL MERCURIO 28 Jul]	V 1
---	-----

DOMINICAN REPUBLIC

Jorge Announces Wage Hike; Strike Called Off	V 1
--	-----

URUGUAY

Nicaragua's Ramirez on Meeting With Sanguinetti	V 1
---	-----

GOVERNMENT RESPONDS TO UK DECISION ON IMPORTS

Issues Communiqué

PY110050 Buenos Aires TELAM in Spanish 0016 GMT 11 Jul 85

[Excerpts] Buenos Aires, 10 Jul (TELAM) -- Argentine Foreign Minister Dante Caputo announced here tonight that the Argentine Government expects that Great Britain's initiative of lifting the ban on Argentine imports is a true expression of a will to negotiate, and to make sure that this is true, it proposed several important steps to Great Britain. The text of a communiqué issued on this subject follows:

The issue that separates Argentina and the United Kingdom is sovereignty over the Malvinas, South Georgias, and South Sandwich Islands. This is the basic problem, since if it did not exist neither would the difficulties in commercial, economic and diplomatic relations. This does not mean that British sovereignty must be transferred for commercial and diplomatic relations to be resumed. It merely means that the reestablishment of these relations can have a solid foundation only after the issue that separates the two nations ceases to be ignored by one of them.

In his report to the 39th General Assembly, the UN secretary general advocated this position when he said: In my opinion, these actions could eventually facilitate the broaching of the fundamental problem, which is at the root of the current differences between the two parties, in order to achieve a lasting solution to the problem.

The British Government is right in pointing out that we must move ahead step by step to restore mutual trust and resolve all our problems. This is a realistic and appropriate position. What is unrealistic is the attempt to move forward step by step with regard to secondary aspects, while avoiding a discussion of the primary issue.

Within this context the Argentine Government has become aware of the British Government's decision to lift the ban that said government established in 1982 on imports from Argentina. According to the official announcement, this measure arises from the desire of the United Kingdom to improve its relations with Argentina. This is a positive development, which should be assessed for what it is worth and received with satisfaction, and is attributable to the prestige that Argentina has attained within the international community.

As the British communiqué states, it is convenient for both parties to have trade flourishing between the two nations. However, there is no doubt that profitable trade calls for stable political conditions and mutual trust. On one hand the stability of our relations makes it necessary that the main issue that separates the two nations should not be ignored, and, on the other hand, mutual trust calls for the eradication of any kind of threat to the security of the Argentine Republic, such as the one that stems from the oversized and disproportionate militarization of the islands and the maintenance of the so-called protection zone. Thus, if what we are now witnessing is a true increase in the flexibility of British policy, we must quickly find realistic answers to all the aspects that must be taken into account, because, otherwise, we will realize that this is only an effort to resolve the so-called practical aspects of interest to Britain's policy while the rest is being ignored.

We insist that a discussion of sovereignty is a preeminent concrete matter, because everything is tied to it; without it and in view of all that has been said, the so-called practical aspects would become mere illusions.

For this reason, it is the policy of the Argentine Republic, supported by numerous resolutions of the United Nations and other multinational forums, that the sovereignty issue must necessarily be included in any kind of negotiation that could take place with the United Kingdom.

This is not only a legitimate claim but a realistic appraisal of the situation, which certainly does not imply that it must occupy a specific place on the agenda of negotiations nor that there is a preestablished deadline for the solution to all problems.

The Argentine Government hopes that Great Britain's initiative to lift the ban on Argentine imports expresses a true negotiating will, and in order to make sure of this, it proposed several important steps to the British Government. Thus, it invites the Government of the United Kingdom to begin negotiations within the next 60 days, for which it is ready immediately to begin the appropriate preparations, be it through the mission of good offices with which the UN secretary general has been entrusted by the General Assembly, or, if it is preferred, through friendly powers that represent the interests of the two countries.

The Argentine Government has not considered it necessary to declare formally the cessation of hostilities, which has been recognized as a fact in various resolutions of the United Nations. However, if these circumstances should prove to be the remaining obstacle for the resumption of negotiations, the Argentine Government is prepared to make this declaration as soon as the United Kingdom agrees to begin the overall negotiations that have been repeatedly recommended by the international community.

The Argentine Government, wanting to consolidate peace through diplomatic channels, trusts that it will receive a prompt and favorable answer to this proposal.

Caputo Explains Response

PY110236 Buenos Aires Argentina Televisora Color in Spanish 0115 GMT 11 Jul 85

[Remarks by Foreign Minister Dante Caputo elaborating on Argentine communique issued in response to UK decision to lift trade embargo, from the Foreign Ministry; Caputo is shown seated behind a desk and is flanked by Senate Foreign Relations Committee Chairman Adolfo Gass, Chamber of Deputies Foreign Relations Committee Chairman Federico Storani, and Foreign Trade Secretary Ricardo Campero -- recorded]

[Text] I have read to you our government's communique. We feel it necessary to reflect jointly on the scope of the British proposal and the meaning of our answer, with which you have just been acquainted. I am doing this because, frequently, the shape that an official communique takes, its careful and precise language, sometimes obscures certain aspects and meanings that we feel you must know about.

The Malvinas issue is deeply imbedded in our national feelings. Very important things have happened throughout our history in connection with our quest for the islands. We would frankly feel that we have neglected our duty to you if we restricted ourselves to a cold reading of the official communique, if we failed to convey to you in a more informal, familiar manner our innermost thoughts, so that everyone can share the concerns, the ideas, and the meaning of this Argentine proposal. We feel that it is very important for everyone to understand what is at stake here.

The British have announced a unilateral lifting of the embargo on Argentine trade. True enough, this may seem a promising and positive development, and so it is, to some extent, as we just said in the communique. However, I believe that this measure is not really surprising, as it is not really a drastic change of course in British policy. In fact, it is quite the opposite. This is strict adherence to the thesis that the British Government has been upholding at least during the past 18 or 19 months.

In its communiques, notes, and even in the statements of its official representatives, the United Kingdom has maintained that its approach to relations with Argentina was a gradual reestablishment of relations, first financial, then commercial and consular, and finally the full reestablishment of diplomatic relations. That is, it entailed moving step by step, little by little, doing what they call building up mutual trust or broaching practical aspects of common interest to both nations.

However, this strategy, based on resolving ~~practical aspects~~ **step by step**, through building up mutual trust, has clearly and explicitly been neglecting the problem of sovereignty over the islands. In the face of this, of this British thesis, our thesis, the Argentine thesis is that there should be an overall treatment of all issues. Of course this means the reestablishment of financial, commercial and diplomatic relations, but with the sovereignty issue included in this package.

As you can see these are two very different theses. But the important thing is for all of us to understand why we advocate the thesis which calls for overall negotiations and why we do not accept the proposal to negotiate leaving aside the sovereignty issue which we consider the core of the matter. First of all, it would seem that Great Britain's initiative appears to be intended to, let us say, break the deadlock in its relations with Argentina. We are talking about the lifting of the trade embargo, of course. The objective of this measure is to disseminate through the international community the idea that Great Britain has a firm desire to improve significantly its relations with Argentina, as compared to Argentina's alleged inflexibility. In other words, the British want to change their international image, showing themselves willing to negotiate, while Argentina, according to them, is stubbornly refusing to negotiate as long as sovereignty is not going to be discussed in the negotiations.

To this we have several concrete answers which we must state clearly. First, we cannot accept an explicit exclusion of the sovereignty issue from any negotiations because I am sure that you understand that should this happen just once, we would be establishing a legal precedent of extremely severe consequences for Argentina. If Argentina sits down at a table to negotiate with British representatives after accepting that the sovereignty issue is not up for discussion, is not part of the working agenda, it will constitute a precedent which I insist, and this is very important, will have serious consequences for the future of negotiations between the two nations.

In the second place, this is not just a matter of principle for Argentina, it is also a very realistic position, because we must ask ourselves: What is the great problem between the United Kingdom and Argentina? The great problem between the two countries is the issue of sovereignty over the islands. With this in mind, what is the basis of, what are the firm foundations for, how realistic are the efforts to rebuild diplomatic or commercial relations between the two countries if this important and fundamental issue, which even led the two nations to an armed confrontation, is ignored? What kind of trade can flourish if the essential difficulty that separates us is not resolved and mutual distrust is ignored?

The Argentine position is based on two arguments. We cannot, we must not, agree to negotiations that exclude sovereignty. This would have consequences for the future of all Argentines, from both the legal and the practical standpoints, because we insist that no progress can be made toward the solution of other problems if the basic problem is ignored. Thus, it is very important for our government to make all Argentines understand that this is not a question of inflexible attitudes but a matter of legitimate defense of national interests.

The Government of Great Britain has repeatedly stated that the sovereignty issue will not be discussed. All Argentina asks is that the sovereignty issue not be excluded.

Naturally, we are not thinking that a transfer of sovereignty could take place suddenly, automatically. What we say is that if we are going to sit down and discuss the other issues, this one must be included in the agenda, so that at some point it can be broached carefully to see what can be done to resolve it.

This is a subject that cannot be ignored by the British Government and less still by the international community. Many resolutions issued by the United Nations and by other multinational organizations have pointed to the need to discuss the sovereignty issue. Moreover, in the past the British Government itself agreed to discuss this matter, because the British Government knows that it has no legitimate rights over the islands.

In this regard, let me tell you that there are categorical statements on this issue in two British Government documents. For example, in 1936 an opinion given by Mr (Fitzmorris), the then legal adviser at the British Embassy, states the following: I believe that the correct British policy should be to cling to the Falklands and refuse to discuss the issue. Our position has some weak points. Also, an official memo issued by the British Foreign Office on 17 September 1946 states, quote: In this regard, the British occupation of 1833 was an act of unjustifiable aggression at that time.

In conclusion, with our response we are trying to tell the British Government that it is essential to move forward, taking into account the entire range of problems, from a realistic viewpoint; that the policy of gradual progress is reasonable; that we share the objective of such a policy; but that a step-by-step policy cannot concentrate exclusively on the secondary aspects of our bilateral problems. We are truly imbued with goodwill. We want to negotiate. We want to solve all the problems. Let us then sit at the negotiating table. We, thus, propose that we begin discussions within the next 60 days. We can begin work immediately on the preparatory steps right away. However, and we want to insist on this, the discussions should cover all aspects. This does not necessarily mean that the sovereignty issue should be the first item on the agenda. It does, however, mean that in order to restore diplomatic relations, Great Britain should first clearly accept a complete and overall agenda. It means that the sovereignty issue cannot be ignored. It means that the sovereignty issue must be discussed in order to be resolved.

I believe we should not let the reactions that the British proposal may elicit in some people influence us. If there is any intention to make positions more flexible, we stretch out our hand to make things more flexible, with absolutely reasonable and legitimate positions.

Now, if this is merely an attempt to appear before the international community as a party making its policy more flexible, while it is actually nothing but a reiteration of the same position through a measure of very limited consequences, we then have to say that this is not serious and that it does not change the status quo. The Argentine Government's will is, and this is stated in the communique where we said something very important in connection with the end of the hostilities, that we should make progress on all issues.

I want to elaborate further on this topic. We have mentioned the possibility of declaring an end to hostilities. You are very well aware of our position in this regard. We do not deem it necessary to issue a formal declaration ending the hostilities because there has never been a formal declaration of war. On the other hand, it must be recalled that Great Britain itself, which now wants a formal declaration ending the hostilities, was in a similar situation when it began the hostilities with Egypt in 1956 in the wake of the Suez Canal crisis. There was an armed conflict to which no formal end has ever been declared; the conflict had a de facto end. Thus, if Great Britain were consistent, it should now admit that it is in a state of war with Egypt. Therefore, if this is a universal principle, the British demand is not applicable.

Nevertheless, in order to make the Argentine will quite clear, if Great Britain admits that the situation is such that overall negotiations can be started, if Great Britain is willing to sit at the negotiating table, and if Great Britain says that the only reason it does not begin negotiations is the lack of a formal Argentine declaration ending the hostilities, we will stretch out our hand because we are willing to do so. However, the Argentine position must be clearly understood, just as it should also be clearly understood that we will do this only to prove our country's willingness to negotiate and our government's willingness to find a peaceful solution to all these matters.

Summing up, there has been a British Government gesture. This gesture should be regarded as a positive fact. However, we should not become confused. This is nothing new. This is consistent with the traditional British position. Argentina answers by saying that it can go substantially farther than this, that it is willing to take significant steps to begin the negotiations. It is now up to Great Britain to show to the world whether it is willing to accept the hand the Argentines are extending. Thank you very much.

Senator Comments

PY102002 Buenos Aires Domestic Service in Spanish 1600 GMT 10 Jul 85

[Text] Regarding the United Kingdom's decision to lift restrictions on Argentine exports, Senator Adolfo Gass said that this shows that there is interest in achieving a rapprochement between the two countries. He noted that we also want to achieve diplomatic and economic rapprochement with the United Kingdom when there is a commitment to discuss the overall status of the Malvinas Islands. Gass added that the Argentine foreign minister will probably address the nation tonight to explain the special situation with regard to the negotiations on the Malvinas. Radical Civic Union Senator Gass said that with this lifting of restrictions on Argentine exports, Great Britain is trying to show that it is Argentina and not the United Kingdom that is adopting an intransigent attitude. But this is not the case. He noted: We have constantly requested compliance with UN resolutions that call on Argentina and the United Kingdom to resume negotiations. We cannot overlook the fact that the Bern meeting failed because Great Britain refused to discuss the Malvinas Islands sovereignty issue. He added: Now through a deft diplomatic maneuver, Great Britain has decided to lift restrictions on Argentine exports, which means that it wants to achieve a rapprochement with Argentina. This is something to which we also aspire, but only when all the issues pertaining to the islands, that is, sovereignty and the status of Malvinas settlers, can be negotiated. Senator Gass said: We have to establish a strategy that will force the United Kingdom to sit at the negotiating table. We have to note that the Malvinas war helped Margaret Thatcher to recover the prestige she was losing at the time. Now, she is again facing difficulties, and she is again being defeated in several district elections. That is why she has resorted to this decision. She is also trying to win over those European countries that have abstained in previous UN votes, since she fears that these countries may show support for Argentina.

JUSTICE, COMMUNICATIONS SECRETARIES REPLACED

PY110004 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 10 Jul 85

[Text] Buenos Aires, 10 Jul (NA) -- Justice Secretary Carlos Odriozola and Communications Secretary Humberto Ciancaglini have submitted their resignations and will be replaced by Alberto Borelli and Roberto Zubieta, respectively, according to information leaked today. The sources explained that Odriozola resigned for private reasons, while Ciancaglini will shortly be appointed to a position in the Defense Ministry. Roberto Zubieta, the future communications secretary, has been adviser to the industries secretary since May 1984.

CONGRESS TO MEET TO DECIDE ON ELECTION POSTPONEMENT

PY101852 La Paz Radio Illimani in Spanish 1700 GMT 10 Jul 85

[Excerpts] National Congress President Dr Julio Garret Ayllon, responding to a suggestion by the executive branch to postpone the 14 July elections, has called Congress into a special session. The session, scheduled to open at 1500 tomorrow, Thursday 11 July, will deal with postponing the election.

The Electoral Board continues normal preparations for the elections, said Mario Carrasco Marin, member of the National Electoral Board. He added that the board will await the result of tomorrow's session in order to abide by its legal resolutions.

FRI To Boycott Session

PY101450 La Paz Cadena Panamericana in Spanish 1130 GMT 10 Jul 85

[Excerpt] The Revolutionary Front of the Left, FRI, headed by Oscar Zamora Medina has announced that it will not participate in the special session of Congress called by the government. Oscar Zamora said the Bolivian people are ready to hold general elections on 14 July. He added that the government's proposal is an attack on the electoral process.

INTERIOR MINISTER QUESTIONS BOARD'S INTEGRITY

PY101331 La Paz Cadena Panamericana in Spanish 1130 GMT 10 Jul 85

[Excerpt] Interior Minister Gustavo Sanchez called a press conference yesterday. It was announced that the minister would give substantial evidence on why the government requested the postponement of the elections. Journalists present were disappointed because Gustavo Sanchez gave only a weak defense of the government's interests, repeating accusations against the integrity of the National Electoral Board.

Election Board President Replies

PY101512 La Paz Cadena Panamericana in Spanish 1130 GMT 10 Jul 85

[Excerpt] Electoral Board President Edgar Oblitas Fernandez has answered the accusations the interior minister made during a press conference. Oblitas said that the electoral process is going ahead and that the elections will be held, because unless there is a new law promulgated by a special session of Congress, nothing can stop the elections.

During the press conference, Interior Minister Sanchez asked why the Electoral Board has not stopped the electoral process in view of accusations against the board. In answer to this, Oblitas said the accusation most used by the government as a pretext to postpone elections is that voter registration records have been duplicated.

COURT DENIES ORDERING BOARD TO CEASE ACTIVITIES

PY110211 La Paz Cadena Panamericana in Spanish 0000 GMT 11 Jul 85

[Excerpt] Supreme Court President Guillermo Caballero has stated that the Supreme Court has never ordered the National Electoral Board to cease its activities. All speculations by the press in this regard are false, according to the report by our Panamericana correspondent in Sucre (Hugo Epia).

[Begin report] Through its president Guillermo Caballero, the Supreme Court has called a meeting to discuss an item published in a newspaper. Caballero stated that it was his duty to explain and deny the report published by the newspaper HOY, of La Paz, stating that the Supreme Court had reportedly ordered that the National Electoral Board to cease its activities in the electoral process, because the law calling for the elections is reportedly unconstitutional. [end report]

ELECTORAL BOARD PRESIDENT'S HOUSE HIT BY EXPLOSION

PY011326 La Paz Cadena Panamericana in Spanish 1130 GMT 10 Jul 85

[Text] The house of Electoral Board President Edgar Oblitas last night was hit by an explosion that caused some material damage. Oblitas' house, on Argentine Avenue, was hit by an explosion. So far the origin of the attack is not known because no political party or organization has claimed responsibility.

The police, who immediately went to the house after the explosion, have said that it is assumed that it was a dynamite explosion, but that so far there is no evidence.

Oblitas pointed out that this attack follows the various telephone threats he has been receiving against him and his family. The investigation of the attack has begun, but so far it is not known what type of explosive device was used to produce the large material damage, which also affected the house of Mario Alarcon, the private secretary of President Siles Zuazo.

COB'S JUSTINIANO SAYS SILES MUST RESIGN

PY102128 La Paz Cadena Panamericana in Spanish 1700 GMT 10 Jul 85

[Text] President Hernan Siles Zuazo has to either become an accomplice to the electoral fraud or will have to hand over the government to the National Congress to save his honor before national and international opinion. This declaration was made by the Bolivian Labor Federation [COB] through one of its leaders Jose Justiniano. Justiniano said that the current political situation is very difficult.

[Begin recording] Siles has only two choices. He either becomes an accomplice to this electoral fraud, which he himself has strongly denounced or he hands over the government to Congress. These are his only two choices.

[Reporter] [Question indistinct]

[Justiniano] Obviously, because with all the denunciations regarding the electoral fraud and the accusations that Siles himself has made, he can no longer continue as president during the elections nor hand over the government to someone who supposedly would be elected in fraudulent elections. Therefore, from the political point of view the government only has two choices: It either becomes an accomplice of the fraud the government itself has denounced or it hands over the government to Congress. [end recording]

Justiniano pointed out that President Siles Zuazo does not have to hand over the government to the Armed Forces because there is still a legislative branch within the framework of the democratic process reinstated on 10 October 1982.

[Begin recording] There is no reason for the government to be handed over to the Armed Forces because there is a legislative branch exercising its duties and the fact that the legislative branch has been summoned means that it has resumed its full powers in accordance with the Constitution. Therefore in this case the constitutional succession is appropriate. The vice president has already resigned; the Congress president, Julio Garret, is a candidate; and the president of the Chamber of Deputies is also a candidate. Therefore in this case I believe the government would be handed over to the Supreme Court.

I believe that this procedure will clarify the country's political situation. With regard to the COB, we continue to firmly defend our interests, our right to have guarantees, and to live in peace, and freedom. [end recording]

LECHIN CONFIRMS INDEFINITE WITHDRAWAL FROM COB

PY110215 La Paz Cadena Panamericana in Spanish 0000 GMT 11 Jul 85

[Report by David Forunda]

[Excerpt] It has been confirmed that the top leader of the Bolivian Labor Federation [COB], Juan Lechin, has withdrawn from the COB indefinitely.

A few minutes ago Radio Panamericana finally found him at his home. In a telephone conversation Lechin confirmed that he has asked for an indefinite leave owing to serious disagreements within the COB. These are the exclusive remarks made by Lechin to Radio Panamericana.

[Begin recording] [Forunda] We have heard about your verbal resignation tendered to the COB Executive Committee. Is it true?

[Lechin] No. At the COB meeting yesterday I expressed my disagreement with the communique released by the executive committee, because it was completely different from a position adopted by the majority the previous day. For that reason I came to the conclusion that the executive committee was no longer interested in the executive secretary, and I decided to withdraw without provoking any major uproar. [end recording]

DIPLOMATIC RELATIONS ESTABLISHED WITH PRC

PY101931 La Paz Radio Illimani in Spanish 1700 GMT 10 Jul 85

[Text] In a communique released at noon today, the Bolivian Foreign Ministry announced that the Governments of Bolivia and the PRC have decided to establish diplomatic relations, fulfilling the wishes of the countries' peoples. Relations resumed at the ambassadorial level on 9 July 1985.

The two governments have pledged to develop relations based on mutual respect for sovereignty and territorial integrity, noninterference in the internal affairs of other countries, nonaggression, equality, and reciprocal benefits.

Thus, the Bolivian Government has recognized the PRC Government as the legitimate government of that country, and that Taiwan is an inalienable part of the PRC territory.

SARNEY WELCOMES POLITICAL SUPPORT FROM GOVERNORS

PY101304 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 10 Jul 85

[Text] President Jose Sarney likes the idea of receiving the political support that is being promoted by Sao Paulo Governor Franco Montoro. He likes the proposal so much that he will invite the 23 state governors to discuss it at the Torto Farm [the official presidential residence].

[Begin Carlos Rodrigues report from Brasilia] President Jose Sarney has enthusiastically received the proposal for a political pact in support of his government, and next week he will invite all the state governors to meet in Brasilia to formulate the accord. This information was provided by Sao Paulo Governor Franco Montoro, who is coordinating the pact and told the president about it during an audience with him. The president told Montoro that the unity of all Brazilians is today more necessary than ever. Governor Franco Montoro talked about the objectives of this accord:

[Begin recording] To give support to the legal measures the government is determined to adopt this year, especially regarding the negotiations with the IMF, because the foreign debt cannot be negotiated in terms that will cause sacrifice and hunger for our people. [end recording]

Franco Montoro also said that this pact should broaden the Sarney government's political support and that the 23 governors have already expressed their support for the idea. [end report]

ADMIRAL OPPOSES U.S.-PROPOSED AREA PEACE FORCE

PY101206 Paris AFP in Spanish 2133 GMT 9 Jul 85

[Text] Rio de Janeiro, 9 Jul (AFP) -- Admiral Mario Cesar Flores, director of the Navy War School, today stated in Rio de Janeiro that he opposes Brazil's participating in the peace force that the United States is going to establish for Central America.

Cesar Flores recalled that Brazil participated in the UN peacekeeping force in the Middle East, and explained that a peacekeeping force is usually established by two or more nations involved in a conflict in order to preserve peace.

Admiral Flores criticized the peacekeeping force that was sent to the Dominican Republic in the 1960's in which Brazil participated. Flores described it as a typical interventionist expedition, because the parties involved did not have any agreement that had to be preserved. The Navy War School director said that this force was sponsored by the United States and did not have the basic characteristics of a peacekeeping force. He emphasized his hope that Brazil will not make this type of mistake again because it could jeopardize the success of its foreign policy.

Cesar Flores concluded by saying that a peacekeeping force for Central America could only be justified if there were some kind of agreement between Nicaragua and the United States that would make it necessary to stop the contras or any other radical group capable of endangering political agreement.

O GLOBO SAYS ECONOMIC MEASURES LIMITED

PY101942 Rio de Janeiro O GLOBO in Portuguese 6 Jul 85 p 4

[Editorial: "Halfway"]

[Text] A program of budget cuts intended to attack inflation head-on should not go only halfway. This is important. Too much should not be cut. But to make insufficient reductions can impose sacrifices without obtaining satisfactory results. This will only cause discontent for everyone while inflation continues at high levels.

The widespread impression is that the government did not go far enough. The restriction on investments hits the basic infrastructure sectors (electricity, telecommunications, transport, and so on). State-run enterprises will be affected by unemployment and the private sector will receive fewer orders. The overall cashflow deficit will continue with a gap of 69 trillion cruzeiros to be covered by inflationary expédients (issuing paper money and floating public bonds) and other manipulations, yet to be defined. Control is maintained and a new round of inflation is averted, but this will not alleviate inflation's corrosive effects on the economy and society.

Very likely the cuts proposed by Finance Minister Francisco Dornelles would have been better suited to the real economic situation and would have yielded the benefits expected from the cuts actually made. But arguments to the contrary prevailed. That these arguments for smaller cuts prevailed is natural, considering that we now have a government limited by its complex political representation. We should recognize the difficulties President Sarney faces in escaping the pressures and counterpressures from the political, congressional bases of support for the new Republic. The relative timidity of the economic package tends, above all, to create medium- and long-term problems. At any rate, the government still has room to increase the anti-inflationary contribution of the public sector.

No objection can be made to the decision not to increase the amount of income tax withheld at the source, a measure that would have amounted to a default on the government's commitment not to impose new burdens on the salaried class. It must be noted that the Finance Ministry itself has already found other formulas to increase revenues without castigating those who depend entirely on their salaries.

We have already agreed that the cuts made will not resolve the problem of domestic economic imbalance. Can we say anything different about the foreign imbalance? Will the IMF in particular be satisfied? It seems very unlikely. In this regard, it should be recalled that the deadline for negotiations with the IMF is 31 August. Meanwhile, the situation remains stationary.

It is also appropriate to recall that one of the components of our foreign debt is the \$16 billion in inter-bank credits, that is, short-term financing (hot money) extended to our bank agencies abroad, which basically serves to keep Brazil's foreign trade going, both regarding our imports and our exports. If the inter-bank credit is suspended, the country would come to a standstill. Rhetoric apart, the economy would be strangled.

The IMF deadline can, of course, be extended, thus averting this catastrophic possibility. We can, however, ask whether we should remain immobile in the face of these possibilities. Meantime, the IMF and international bankers will evaluate the credibility of the economic and financial policy of the Brazilian Government. If we continue advancing toward the 31 August deadline without clearly defining the renegotiation of the foreign debt, it seems obvious that we will be running greater risks.

MINISTER BEGINS TOUR OF WORLD FINANCE CENTERS

PY101514 Santiago Domestic Service in Spanish 1100 GMT 9 Jul 85

[Excerpt] Finance Minister Hernan Buchi last night left for Japan, the starting point of a tour of major international finance centers. The finance minister will also visit [name indistinct], Zurich, Frankfurt, London, and Washington. In Washington, he will meet with U.S. bankers at IMF headquarters with the objective of obtaining specific support from the almost 300 Chilean creditor banks for the agreement on the foreign debt renegotiation reached recently in New York by a committee made up of 12 banks.

200 ARRESTED IN OCCUPATION OF PROVIDENCIA SCHOOL

PY102100 Santiago Domestic Service in Spanish 1730 GMT 10 Jul 85

[Excerpts] Five people were injured and over 70 arrested as a result of the occupation of the Arturo Alessandri School that occurred this morning in the Providencia district. A considerable amount of damage was also reported.

The occupation of the school began this morning around 0800, when approximately 60 students, who were not students of that school, broke into the building. Officials who tried to stop the students were met with sticks. Five school officials were injured in the incident. The injured officials have been identified as the school secretary, Alida Pino; school inspector Fernando Barraza; physical education teacher Hector Aranda; and the janitor [name indistinct]. According to one of the students who along with 150 others was detained inside the school building, the occupation was carried out very quickly.

At the end of a cabinet meeting held today at Government House, authorities discussed recent student disorders. Government Secretary General Francisco Javier Cuadra said that those who were arrested in this morning's incident at the Arturo Alessandri School, where a group of agitators occupied the school building, will be placed at the disposal of the courts. In addition, Cuadra said that the government will use all available means to guarantee order and peace in national education centers. The issue was discussed in interior Minister Ricardo Garcia's report on the national situation, according to Francisco Cuadra.

[Begin recording] Regarding the report submitted by the interior minister, we mainly reviewed the agitations we have recently witnessed at the universities and secondary schools. According to our security reports, these are part of a campaign carried out by communist groups with the objective of creating disorders in education centers. Those who have been arrested during police operations will be placed at the disposal of the courts which will establish the responsibility of these persons in these violent actions. [end recording]

Moreover, Cuadra noted that the government has the duty to safeguard public order and that this is why all necessary measures will be implemented.

Here are further details on the Arturo Alessandri School incident supplied by reporter Daniel Ortiz:

A few minutes ago, Carabineros from the 19th precinct reported that up to now the number of people arrested as a result of this morning's incidents totals about 200.

PRESIDENT'S SECRETARY ON PARTY STRIFE, SUCCESSION

PY102331 Asuncion HOY in Spanish 7 Jul 85 Sunday Supplement p 4, 5, 6

[Exclusive interview with Colorado Party Board Political Secretary Mario Abdo Benitez by Augusto Barreto, in Asuncion; date not given]

[Excerpts] [Barreto] Is it true that you aspire to the vice presidency of the Colorado Party?

[Mario Abdo] I will tell you about that. I have been asked to accept it during the past three party conventions, but I have rejected the offer each time.

[Barreto] Why did you reject it?

[Mario Abdo] My duties as assistant to President Stroessner take up a lot of my time. Being close to President Stroessner entails a lot of hard work. I have to tell him at all times where I am, the telephone number where he can reach me. I have to be available whenever he needs me. I have to be at Government House in the mornings and the afternoons to answer letters, or to work on projects that I must submit to him for study.

[Barreto] Before we discuss the trust that the president has in you, I would like to know how this relationship developed.

[Mario Abdo] It has existed since 1941. But above everything else we are friends, relatives, and fellow party members.

[Barreto] I understand the part about being fellow party members and friends. But could you explain the part about being relatives?

[Mario Abdo] My mother is a first cousin of the president's mother.

[Barreto] Concerning the recent disagreements within the Colorado Party, although there is talk of unity, you cannot ignore the fact that there are some party ceremonies that you attend but that are not attended by supporters of the other faction, precisely because of the ever-increasing disagreements within the party, which are becoming more evident through the charges that the different factions make through the press. What can you tell us about this?

[Mario Abdo] Above everything else, the Colorado Party is a democratic party. There are certain leaders who may believe that if they lead the party in a certain way things could be better. I believe that each individual wants the best for his party. But there is no need to send invitations for a party affair. Imagine sending invitations to 1.2 million Colorados. It is impossible to send that many.

[Barreto] I understand that this would be impossible, but I would like to know your opinion of the disagreements.

[Mario Abdo] It is true. Since the last party convention, supporters of one faction go to one event and the others to other events. But this is a situation that we must overcome within the party. We, the leaders, should not set a bad example for the Colorado peasants. It is the peasants who are harmed by these things.

The Colorado Party must be united. This is how President Stroessner has been able to manage things over the past 30 years. But the Armed Forces do not pose any problems for the president. He only goes to Army headquarters on Thursdays to receive military reports and some information about the different units throughout the country. Sometimes he does not even visit Army headquarters. But I can assure you that the Armed Forces do not pose any problems for him. On the contrary, before, whenever there was a change of commander of a battalion or unit, there was a revolution. But this is something that has been overcome by the Stroessner government. He overcame this situation because he has military and political authority.

[Barreto] It seems that President Stroessner is the only one who is not being questioned by any of the contending factions within the Colorado Party. Even Juan Ramon Chaves, who, according to some, was also one of the factors of unity within the party until recently, is now being questioned. In view of all this, how do you view the Colorado Party after President Stroessner?

[Mario Abdo] I can only say that President Stroessner enjoys excellent health. His blood pressure is average, and he has many years ahead of him. If the Colorado Party, through its convention, which is the highest party authority, says that he is the candidate, he will continue to serve the Paraguayan people. Many of those who spoke about the post-Stroessner era are dead. Caballero Gatti and others are already dead.

[Barreto] If tomorrow, for any reason, you were offered the presidency, would you accept?

[Mario Abdo] That is up to the Colorado Party members, not to me.

[Barreto] I understand that no one can impose it on you.

[Mario Abdo] Of course I must have an inclination, but I have already said that being president of a party or of the Republic is a heavy burden, especially the duties of president of the Republic, which I know quite well from being constantly near President Stroessner.

[Barreto] Excuse me, but I forgot one question. How are your relations with the Armed Forces?

[Mario Abdo] They have always been very good. I have the affection and sympathy of all of them. I met General Rodriguez when he was a first lieutenant. I have never been aware of any adversaries within the Armed Forces.

COLORADO LEADERS DISCUSS 'SOURCES OF POWER'

PY101637 Asuncion HOY in Spanish 5 Jul 85 p 7

[Excerpts] Angel Roberto Seifart, a Colorado deputy and member of the party's Executive Board, yesterday reiterated that "within the framework of democracy, political parties are the legitimate sources of power." Seifart previously advocated this position at the Colorado Party Executive Board meeting on 3 July when justifying his position on problems that have arisen at the Ignacio A. Pane Colorado University Center.

The politician explained that "public power is exercised by the government, but the political parties are the true source of this power. The core of public power is the government and its three branches: executive, legislative, and judiciary. However, this power stems from the people's sovereignty and is channelled through political parties."

"Needless to say party problems must be resolved exclusively within the party. At no point has anyone reported that influences or pressures from outside the party have had anything to do with the management of party affairs," he added, apparently referring to the Colorado Party.

Mario Abdo Benitez [presidential private secretary and Colorado Party Executive Board political secretary] speaking on a TV station last night, harshly refuted Roberto Seifart's remarks at the Executive Board meeting. Abdo Benitez said Seifart had been hard on him and had uttered falsehoods, saying the Colorado Party Executive Board should be the source of power "and not the Armed Forces or labor unions." Abdo Benitez reacted to this stating that such statements disqualified the Armed Forces explicitly, and President Alfredo Stroessner implicitly, from holding power.

Many members of the Colorado Party Executive Board spoke at the latest meeting of this high-level party organization. In fact, voices were raised considerably at one point. According to reliable sources, Executive Board President Juan Ramon Chaves closed the meeting at the "right" time.

OFFICIAL DENIES ITAIPU TURBINE SHUT DOWN

PY101329 Asuncion EL DIARIO in Spanish 6 Jul 85 p 17

[Excerpts] National Electric Power Administration President Enzo Debernardi, assistant general director of Itaipu Binational Enterprise, has denied reports that the turbine currently operating in Itaipu is shut down. He also made other clarifications.

Debernardi told EL DIARIO on 5 July that "the report is completely groundless." He added: "The turbine is operating normally, which can be confirmed by the thousands of people working there."

Debernardi made these comments in response to a question on the contents of an ANSA report datelined Rio de Janeiro alluding to a shutdown of the only turbine of the Paraguayan-Brazilian hydroelectric complex currently in operation.

BRIEFS

NEW NIGERIAN AMBASSADOR -- Olayemi Mudaziri Adisa Abiola this morning presented to President Alfredo Stroessner his credentials as the new Nigerian ambassador to Paraguay [Excerpt] [Asuncion ULTIMA HORA in Spanish 1 Jul 85 p 13 PY]

HALF-YEARLY EXPORT FIGURES -- According to the records of General Customs Directorate, exports over the first half of 1985 totaled \$190,300 394. [Excerpt] [Asuncion EL DIARIO in Spanish 3 Jul 85 p 10 PY]

BOMB EXPLOSIONS HIT APRA OFFICES IN LIMA

PY110341 Paris AFP in Spanish 0209 GMT 11 Jul 85

[Text] Lima, 10 Jul (AFP) -- Police sources have reported that an American Revolutionary Popular Alliance [APRA] building -- APRA is the party of President-elect Alan Garcia -- was partially damaged by a dynamite explosion in the Pueblo Libre neighborhood, in the southwestern part of Lima.

Moreover, another APRA office in the neighborhood of Magdalena was attacked by a group of six men armed with revolvers who painted subversive slogans on the walls, left a flag with the hammer and sickle, and managed to set off a dynamite charge before running away. According to eyewitnesses, the explosions only caused property damage.

The attack was carried out during a partial blackout that affected several neighborhoods in the capital at 2002 local time. However, the electric supply was restored 30 minutes later.

Further Report

PY110335 Paris AFP in Spanish 0142 GMT 11 Jul 85

[Text] Lima, 10 Jul (AFP) -- There was a blackout in some Lima neighborhoods at 2002 tonight. Some city residents reported hearing explosions in several places. The electric power company has not yet reported the reason for the outage, which lasted for only half an hour in some areas.

Pueblo Libre and Magdalena residents have said that they heard strong explosions near the American Revolutionary Popular Alliance headquarters, but police sources said no such actions have been reported. President-elect Alan Garcia is the leader of the APRA.

According to unconfirmed reports, some 12 explosions were heard in Chiclaayo, 30 km east of Lima, in the hills where pylons are located.

Electric power fluctuations that lasted some seconds have been reported in the central Andean region. The same thing was observed in downtown Lima.

WAR MINISTER SUPPORTS ARMS FREEZE PROPOSAL

PY101613 Lima Radio del Pacifico in Spanish 1300 GMT 10 Jul 85

[Text] War Minister Julian Julia Freyre believes that the proposal President-elect Alan Garcia has made to freeze Latin American arms purchases and earmark those resources to the development of the Latin American countries is feasible.

Julia said that national defense is a life insurance policy that costs a great deal of money. The war minister added that the Armed Forces have enough arms to handle any possible national emergency.

Minister Julia also recalled the close contact that the Army, Navy, and Air Force have had with Alan Garcia in his capacity as the future supreme commander of the Armed Forces. He noted the great tranquillity that prevails in the state of emergency zone and praised the highway and electrification work that has been carried out in Ayacucho.

STRIKING PUBLIC WORKERS OCCUPY FRENCH EMBASSY

PA091925 Paris AFP in Spanish 1851 GMT 9 Jul 85

[Text] Lima, 9 Jul (AFP) -- It has been officially confirmed that 50 striking state workers occupied the French Embassy here at noon today. Later another 100 workers occupied the ILO office. Approximately 500,000 public employees of the Intersector Confederation of Government Workers (CITE) have paralyzed public administration for the past 22 days, including the postal and social security services.

The strikers are demanding that an "act-agreement" signed in March be fulfilled. According to the strikers, this agreement formalizes a substantial wage increase, wage classification, and other benefits.

The "occupation" was carried out peacefully and without any other incidents. A few minutes later police cleared the square and closed it to pedestrian and vehicular traffic. Top embassy officials, where the consulate also operates, held talks with the strikers to try to get them to leave peacefully. The occupiers said that their intention was to draw world attention on their situation and gain the solidarity of their colleagues throughout the world.

Strikers Leave Embassy Peacefully

PA091958 Paris AFP in Spanish 1948 GMT 9 Jul 85

[Text] Lima, 9 Jul (AFP) -- Striking state workers, who occupied the French Embassy in Peru at noon today, left peacefully 90 minutes later after talking with embassy officials.

ILO Offices Also Cleared

PY101314 Lima OAY-4Z Television in Spanish 0345 GMT 10 Jul 85

[Excerpts] In an attempt to radicalize their measures of force, striking public servants today occupied the ILO headquarters and the French Embassy in Lima. The strikers abandoned the French Embassy an hour later, but remained inside the ILO office for 9 hours, until they obtained the release of 21 fellow workers who had been arrested by the police.

Approximately 30 demonstrators occupied the ILO office and took the employees and secretaries who were working as hostages. In the meantime, other workers blockaded nearby streets with tree trunks and stones, and shouted slogans referring to the public protest they are carrying out. Simultaneously, another group of public servants occupied the French Embassy. As a consequence, the police forces sprayed powerful jets of water and arrested several demonstrators, among them a woman. An hour after they occupied the French Embassy, the workers peacefully left the building.

After 2000 the members of the Inter-Sectorial State Employees Union [SITE] were released. These workers were being held under arrest at the State Security Offices after adopting measures of force and while trying to occupy the ILO offices. The workers who occupied the ILO office also abandoned this building after their fellow workers were released. Right now, at 2034, they are all abandoning the ILO offices.

OFFICIALS DISCUSS OPEC MEETING, ECONOMIC EFFECTS

PA101432 Caracas Television Service in Spanish 0000 GMT 10 Jul 85

[Text] Dr Arturo Hernandez Grisanti, minister of energy and mines, has said that Venezuela will not lead a drive to reduce oil prices. He made this statement during a meeting with reporters a few hours after he returned from Vienna. According to him, the final decision on prices and production will be made by OPEC during the 22 July meeting.

The minister said that the Venezuelan team recommended that OPEC maintain the current price structure. He also said that member countries should be asked that during the rest of the year, they discontinue the irregular oil policy they have been conducting. He stressed the need to establish a commercial organization or enterprise to ensure adherence to the production quotas set by OPEC, considering that consumption is unequal throughout the year.

In addition, the Venezuelan representatives suggested that no emergency decisions be made under pressure of current events. In Venezuela's particular case, the government has carefully analyzed the situation and, regarding heavy crude and prices, has pointed out that the government observes the market fluctuation day by day and the effects that would occur due to OPEC and non-OPEC member countries' actions.

[Begin Hernandez Grisanti recording] I think it very likely that decision on prices will be made during the 22 July meeting. Those decisions do not affect ours. We can make ours unilaterally before or after the meeting. We observe the market's behavior and the consequences that could result from the actions of other member countries. [end recording]

The minister finally considered that not too much should be expected from the meeting because the solution to Venezuela's economic situation is manifold and depends on many factors, as well as on the continued effort to overcome these difficulties. The minister said that any decision made regarding prices will take into consideration the country's interest.

Not only the public learned of the minister's report on the OPEC meeting, but President Jaime Lusinchi and the Democratic Action party [AD] leadership learned about the results of the oil ministers meeting in Vienna. Minister Hernandez Grisanti devoted a good part of the day to explaining the details and, of course, the results of the OPEC meeting he has just attended. Early in the morning, before he met with the news media, he delivered a full report to the president of the Republic and the members of AD's National Executive Council [CEN] who gathered at the presidential palace. After concluding his explanations and before leaving, AD secretary Manuel Penalver talked with reporters at the presidential palace. He said that OPEC certainly is experiencing some difficult times and that the AD supports the government's stance regarding OPEC.

This is not all, however. According to AD, the support is much greater.

[Begin Penalver recording] I would say that not only AD, but -- according to a consensus and consultation with the other political forces -- also other parties' representatives attended the OPEC meeting in Vienna in order to learn about the problem. In this manner, we will continue handling this vital issue for the national economy. I also think the president will explain to the nation the difficulties and the final decisions to be made at the 22 July conference. [end recording]

Deputy Celestino Armas, also a member of AD's CEN, talked with reporters and expressed his opinion on the topics presented at OPEC.

[Begin Armas recording] Undoubtedly, a difficult situation exists, we must admit it, in the world oil market. Industrialized countries have succeeded in saving energy. Demand has decreased, and Venezuela, just like all countries and OPEC, must take action to defend its natural markets. This decision will be considered and eventually announced on 22 July. [end recording]

Through these statements by persons familiar with the subject, a certain expectation regarding the OPEC meeting on 22 July can be observed. There is expectation and also hope for what could happen at this meeting and the decisions that could be made for the international oil market. This is of much interest to Venezuela.

The national committee of the Social Christian Party, COPEI, believes that the oil situation is delicate, yet manageable. They think Venezuela should not lose its traditional market of heavy and extra-heavy crude oil export. Eduardo Fernandez, official COPEI spokesman, reiterated that the defense of OPEC is of prime importance, particularly to maintain crude oil export volumes and prices. He thinks Venezuela should develop aggressive and competitive policies to defend traditional markets. He expressed this at the end of the routine Tuesday national committee meeting.

[Begin Fernandez recording] For this reason I make a very serious appeal today for an in-depth reconsideration of the economic development plan, because we cannot go on making the same mistakes as in the past. We made mistakes during the decade we enjoyed abundant economic resources. Some try to keep making these mistakes but we do not have yesterday's fiscal surpluses anymore. [end recording]

Although the main opposition party indicates that they expect to be told by the government about all that happened at the latest Vienna meeting, they invite the government to prepare the proposals that Venezuela will present at the next meeting through Dr Hernandez Grisanti, the Venezuelan representative at OPEC. The party appealed for a national consultation. At the end of the meeting with the journalists, Dr Fernandez received a phone call from President Lusinchi. Although we were not told about the nature of the call, it was speculated in COPEI political circles that this call surely had to do with a possible agreement or meeting between government members and COPEI leaders.

BRIEFS

DRUG TAFFICKERS DETAINED -- The Directorate of Intelligence and Prevention Services, DISIP, has broken up an international drug trafficking gang. The organization confiscated a load of drugs, more than \$300,000 cash, and a radio set. The gang operated through several Caribbean islands. The police detained seven men. [Summary] [Caracas Television Service in Spanish 0000 GMT 9 Jul 85 PA]

PEMEX ANNOUNCES PRICE REDUCTION FOR CRUDE EXPORTS

PA110321 Paris AFP in Spanish 0223 GMT 11 Jul 85

[Text] Mexico City, 10 Jul (AFP) -- Mexico reduced the price of its export oil by an average of \$1.24 per barrel for light "Isthmian" crude and \$0.77 for heavy "Maya," crude, the Mexican Petroleum [PEMEX] state enterprise announced tonight.

A differential price system was also established according to the geographical destination of the sales, which makes the price range from \$26.25 to \$27.75 per barrel for Isthmian crude and \$22.50 to \$23.50 for Maya crude.

TRADE BALANCE SURPLUS REPORTED FOR JAN-MAY

FL091925 Mexico City NOTIMEX in Spanish 0334 GMT 9 Jul 85

[Text] Mexico City, 8 Jul (NOTIMEX) -- According to the Programming and Budget Secretariat, during the first 5 months of this year Mexico's trade balance recorded a \$3.534 billion surplus even though contracted by 43.8 percent as compared to the same period last year.

According to the secretariat, this favorable balance results from the fact that exports totaled \$9,389.7 billion, while imports totaled \$5.855 billion.

The secretariat has disclosed that nonoil exports declined by 13.8 percent. Oil exports declined by 8.2 percent due to 42 percent decline in the sector's sales, resulting in \$700 million in losses.

SOCIALIST INTERNATIONAL OFFICIAL ON AREA DEBT

FL091950 Mexico City NOTIMEX in Spanish 2056 GMT 8 Jul 85

[Text] Mexico City, 8 Jul (NOTIMEX) -- Party members of Socialist International will discuss Latin America's foreign debt and its financial situation to prevent the economic crisis from destroying Third World countries, this organization's Vice President Anselmo Sule has announced.

Upon his arrival in Mexico, Anselmo Sule asserted that the region's foreign debt is technically unpayable, and that it will be a never-ending problem until fixed interest rates are set.

He said that extremely poor countries will have to cancel their foreign debt obligations while others will have to resort to a moratorium. Thus, a few will have to find a payment plan which will consider the social factor to avoid a crisis in the next 5 years.

Sule said he favors the reduction of foreign debt interest rates to allow favorable conditions for its payment by Latin America and said if this does not happen, Mexico will have to pay twice the value of its assets in 1990 in interest alone.

During his 5-day stay in Mexico, the Socialist leader will meet with leaders of various political organizations and will then go to Panama, continuing his working tour throughout the world.

COSTA RICAMONGE NOT OPTIMISTIC ABOUT OAS RESOLUTION

PA102016 San Jose Radio Impacto in Spanish 1845 GMT 10 Jul 85

[Report by Gretel Tinoco]

[Text] President Luis Alberto Monge referred to the draft resolution to be presented by Costa Rica at the OAS Permanent Council tomorrow, which will condemn the Sandinist regime for the attack in Las Crucitas. Monge said that apparently several Latin American countries, if not the majority, will not support Costa Rica's draft resolution which seeks to condemn Nicaragua. Monge said that some countries are apparently evading the issue. Here is his statement:

[Begin recording] [Monge] Our foreign minister has left today, and he promised to call me from Washington, as soon as he had made the first contacts, so by tomorrow we will know where we stand. Now, you must understand that these situations are subject to changes, because there are pressures and negotiations going on. In other words, tomorrow we will know what the current situation is.

[Reporter] If there is no condemnation, would you settle for a censure?

[Monge] Well, a censure is a form of condemnation. However, we believe that the proposed term of regretting or deploring the incident is really too soft and shows a lack of solidarity with Costa Rica, as we interpret that as merely an expression of condolence.

[Reporter] On a previous occasion you said that if the OAS commission's report was not satisfactory to Costa Rica, [words indistinct] bilateral treaties. Could this also happen in this case?

[Monge] Well, we would have to consider this depending on the OAS Permanent Council's resolution. We would have to analyze this possibility. [end recording]

President Monge was somewhat pessimistic regarding the results of the OAS Permanent Council's special meeting. Previously, Costa Rica, specifically the foreign minister, had made several diplomatic contacts with Latin American countries seeking support for Costa Rica's draft resolution. However, the latest reports indicate that the Latin American countries will apparently not support Costa Rica. President Monge said that he considers this very strange, because in the past, when Costa Rica filed any protest against the Managua regime headed by the dictator Somoza, the Latin American countries unanimously supported Costa Rica. However, apparently they will not do the same now, when Nicaragua is ruled by a Marxist regime.

FOREIGN MINISTER TO ATTEND OAS MEETING

PA101752 San Jose Radio Impacto in Spanish 1830 GMT 9 Jul 85

[Text] Dr Federico Vargas Peralta has presented his credentials before the OAS. The Costa Rican diplomat has also requested that the OAS Permanent Council call for a special session on Thursday in order to present Costa Rica's draft resolution that will condemn Nicaragua. Vargas Peralta said that Costa Rica has always trusted the OAS and has resorted to that organization every time it has had border problems with Nicaragua.

Costa Rican Government sources are confident that the OAS Permanent Council will give Costa Rica a favorable resolution in the case of Las Crucitas. They added that the report submitted by the investigating commission is very favorable, and although it does not specifically call Nicaragua the aggressor, it does establish conditions clearly indicating that the Sandinist Army attacked the Costa Rican Civil Guard.

Foreign Minister Carlos Jose Gutierrez is traveling tomorrow to Washington to present on Thursday the draft resolution before the OAS Permanent Council. The draft resolution requests that the OAS Council condemn the Nicaraguan regime for the attack against our Civil Guard on 31 May.

SANDINIST CHARGES ON BORDER ATTACK DENIED

PA110311 San Jose Radio Reloj in Spanish 0100 GMT 11 Jul 85

[Text] The Costa Rican Foreign Ministry has denied statements by the Sandinist regime that a group of 60 mercenaries attacked the Nicaraguan post of La Penca from Costa Rica on 20 June. A protest note issued by Costa Rican Foreign Minister Carlos Jose Gutierrez states that, according to reports received from a surveillance post located 1,800 meters from La Penca, at the mouth of the San Carlos River, on 20 and 21 June there had been fighting in that area of Nicaraguan territory. What happened was that men, clearly identified as members of the Sandinist People's Army, launched an attack with heavy artillery on Costa Rican territory, 6 km from the mouth of the San Carlos River.

The Costa Rican Government believes that with its protest note the Sandinist regime is trying to create a smoke screen around the justified charges Costa Rica has brought before the OAS. This is another demonstration of the ambiguous policy that Nicaragua practices in its relations with Costa Rica. The Costa Rican Government hopes that this ambiguity and dual policy will not be repeated, especially at a time when the beginning of a dialogue between the two countries is being sought. If Nicaragua continues to reiterate its contradictory policy, we will be faced with another initiative that, unfortunately, will fail before it has begun. This is something that Costa Rica does not want.

DPA Report

PA110207 Hamburg DPA in Spanish 0053 GMT 11 Jul 85

[Text] San Jose, 10 Jul (DPA) -- Today Costa Rica rejected charges by the Nicaraguan Government and said that it "maintains its neutrality in the Nicaraguan internal conflict." The Costa Rican Foreign Ministry rejected the Nicaraguan Government's charge that "counterrevolutionary groups are attacking Nicaragua from Costa Rica."

An official Foreign Ministry note stated: "The fighting between counterrevolutionaries and the Sandinist People's Army is occurring on Nicaraguan territory and not on Costa Rican territory."

In another letter addressed to Nora Astorga, Nicaraguan acting foreign minister, the Costa Rican Government rejected the Nicaraguan note protesting against "the assistance given by the Costa Rican guard to the mercenary groups." The Foreign Ministry said: "The mentioned mercenaries (two North Americans, two Britons, and one Frenchman) were detained by the Costa Rican guard. This is the best demonstration of the neutral attitude of Costa Rica, because the mercenaries were detained and are being tried [passage indistinct]."

"The accusations against the Costa Rican Civil Guard, which has been accused of aiding the counterrevolutionary groups, will be investigated." Both official notes were sent to Nicaragua today.

EL SALVADOR

FMLN LEADERS DISCUSS U.S. 'INTERVENTION'

PA101944 San Salvador Radio Cadena Sonora in Spanish 1200 GMT 8 Jul 85

[Text] If the U.S. aid to the Salvadoran Government is halted, the war will be won by the guerrilla fronts, rebel leader Joaquin Villalobos has said in a press conference with U.S. journalists. The press conference was held on Friday in Perquin, 230 km northeast of San Salvador, in Morazan Department. The political and military leaders of the guerrillas met with a delegation of U.S. citizens of Latin American origin who are touring Central America and Mexico in support of the Contadora peace process and the political and negotiated solution to the conflict. The journalists spoke with the leaders of the five rebel organizations that make up the FMLN. They met with Joaquin Villalobos and Jorge Shafik Handal, members of the FMLN General Command, and Facundo Guardado, Leo Cabral, and Miguel Mendoza -- a member of the Revolutionary Party of Central American Workers [PRTC] -- of the Unified Revolutionary Directorate, DRU. Here is an excerpt of guerrilla Commander Joaquin Villalobos' remarks on U.S. intervention in El Salvador.

[Begin recording] That process of intervention indicated to us that we could not continue waging the war against an enemy that had an unlimited source of material resources. It was an error to wage a war with immediate and rapid results and with uninterrupted strategic (?offensives) until we reached the cities. We could not plan such a strategy. The strategy that had to be planned was that of defeating the resistance and the capacity of the Reagan administration to continue supplying the Salvadoran Army. If we can overcome that, we will win the war. [Words indistinct] army and the current Salvadoran Government [words indistinct] we will win the war. In this regard, we faced a situation in which the essential thing was to plan a war of attrition in which there is some exchange of opinions on [passage indistinct]. [end recording]

Villalobos also referred to tactical changes by the Army and the guerrillas. He said that the Armed Forces have been giving great attention to the use of air units and that the guerrillas have also changed their movement tactics. He also said that the big operations that the Army used to carry out are not taking place now and that they continue what he described as a policy of bleeding the enemy.

[Begin recording] In the human aspect we say: The Reagan administration can send as many rifles as it wants, but it cannot replace the officer and troop casualties that it suffers, and it cannot solve its morale problems. It will not solve those problems. If this enters into a crisis [words indistinct], the following step is intervention with its troops. [Words indistinct] continue the war with the same strategy, continuing to inflict casualties and bleeding the troops that intervene in this country every day and at all times with every possible means. [Words indistinct] for economic-political destabilization. The army is practically incapable of defending the political and economic infrastructure and tries to defend it with political arguments. It carries out a campaign against sabotage and so forth. In reality, everyone knows that the economy in any war is a military objective. There is no question about this, and they know it very well. The productive structure is a military target in any war.

Therefore, our policy is to attack the basic sectors, electric power, the roads -- with the paralyzation of transportation -- railroads, telephone communications, and export crops such as sugarcane, cotton, and coffee. All of this is aimed at breaking the regime's war economy. [end recording]

We will continue with this report on the press conference held by rebel leaders with U.S. journalists in Perquin on Friday. The journalists were accompanied by members of the U.S. Congress for United Peoples [Congreso para Pueblos Unidos] who are touring Central America, Mexico, and Cuba. The group included journalists from THE NEW YORK TIMES, THE LOS ANGELES TIMES, THE WASHINGTON POST, the CBS television network, and NEWSWEEK. It was reported that in order to travel to Perquin the group was given authorization by Salvadoran President Jose Napoleon Duarte and General Adolfo Onecifero Blandon, chief of the General Staff. Let us continue listening to the press conference.

Guerrilla Commander Joaquin Villalobos was referring to possible attacks that the guerrillas will carry out in the next few months against electrical service. He said it is possible that electrical service in San Salvador will be the target of greater damage, since the guerrilla forces will increase their sabotage actions in both central and western El Salvador.

Referring to the kidnappings of mayors in recent months, the guerrilla leader said:

[Begin recording] With every right, we want to break up local power. Local power is another element that falls within the counterinsurgency plan of the North Americans. It is a fundamental component of the plan to create the civil defense. It is part of a military plan against us. Based on this, we began our process of actions against the local power [passage indistinct]. [end recording]

Jorge Shafik Handal, a leader of the Communist Party, also participated in the press conference. He referred to the U.S. intervention in Salvadoran affairs and in the Central American area in general.

[Begin recording] We are sure of one thing. We can fight for a long time here. Time is not against us. Time is against the aggressive U.S. policy toward El Salvador and Central America. It is Reagan's problem. How long can he maintain [words indistinct] simplistic ideological scheme [words indistinct]. As for us, [words indistinct] an important thing must be borne in mind. I would say that the Salvadoran revolution has not exhausted even one-fifth of its potential. We have developed in the most backward areas in all senses. The main potential of the Salvadoran revolution is found exactly where the enemy (?is living). It is the vital part of the country. That is where the biggest reserves of greatest tradition of struggle, of revolutionary conscience, and of support are located. If there were any doubts, recent events have clearly shown this. The enemy's entire list of the positions it holds in San Salvador, in western Salvador, in the cities [words indistinct] how the Salvadoran people maintain their position. The principal reserves are there, and those are the ones now entering the struggle. Our strategic political plan tries to provide space for action by the Salvadoran people. The process of attrition is at the same time a process of [words indistinct] that permits the Salvadoran people to resume their organized, political, civic, and revolutionary action -- which was interrupted because of a great weakening, a great slaughter of more than 50,000 people -- and that gives them a 2-3 year respite, during which they can carry out a popular revolutionary struggle. [end recording]

A reporter asked whether in this plan against the U.S. intervention one could expect more actions similar to the one carried out in Zona Rosa.

[Begin recording] [Handal] We will carry out our plans according to what is advisable for us. You have to bear in mind some considerations. Put yourself in the place of the pilots and the advisers. The advisers come to train troops that will come to these areas to kill the population, to look for us and kill us. The administration [words indistinct] with huge firepower to come (?kill us). [Words indistinct] they come to supervise the operations. It is not true that they do not go to the combat zones [words indistinct]. They return at the end of the day [words indistinct], and then they go have fun. This cannot continue. They [words indistinct] fly over these areas, they unload huge amounts of explosives. We do not have anti-aircraft weapons. The day that we have anti-aircraft weapons [words indistinct] there will be a big uproar but well [words indistinct] they unload all this deadly firepower, they [word indistinct] and then they go have fun. This cannot be. [end recording]

'SURPRISE' ATTACK ON GUERRILLAS ON EL TIGRE HILL

PA100433 San Salvador EL MUNDO in Spanish 8 Jul 85 p 3

[Excerpt] San Miguel -- Heavy fighting on El Tigre Hill between the Salvadoran Army and FMLN guerrillas resulted in many dead and wounded. Yesterday at 1800, troops of San Miguel's 3d Brigade, Usulután's 6th Brigade, and Chinameca national guardsmen began a surprise attack on a guerrilla camp on the hill.

Military reports state that between 1800 and 2300 the fighting was strong and the soldiers were supported by the Salvadoran Air Force, especially with helicopters that flew over San Miguel on their way to the hill throughout the night. It was reported that, at this camp, the FMLN has a hospital, training school, and sufficient ammunition. The soldiers began climbing the hill this morning, and, as of the time of this report, the fighting continued without interruption.

The lightning strike against this camp is intended to dislodge the extremists because there is a possibility they are planning an attack against the microwave installations on El Pacayal Hill, located near El Tigre Hill. The military sources reported that fighting continued today, and when the operation is over a report will be released.

Meanwhile, extremist forces attacked and harassed the National Guard post in Concepción Batres, Usulután. The guerrillas entered the area last night at approximately 2200 and for 30 minutes proceeded to fire on the post. No casualties have been reported.

FMLN MOCKS VIDES ON 'PLAN TO ATTACK NICARAGUA'

PA101747 (Clandestine) Radio Farabundo Martí in Spanish to El Salvador 2300 GMT 9 Jul 85

[Political commentary: "The Yankees' Dirty War as Told by Vides Casanova"]

[Text] During a press conference on 9 July General Vides Casanova once again disclosed the high command's intention to take part in an attack against Nicaragua. Vides Casanova revealed that the high command has a joint plan with the Honduran Army to attack Nicaragua. The Yankees' warmongering spirit and the Salvadoran Army's role as its pawn have once again come to the surface. At this press conference Vides Casanova admitted that the plan to attack Nicaragua depends on specific circumstances and conditions; that is, it depends on the Yankee masters' orders.

The members of the local and foreign press, though barred from the conflict areas, are clearly aware of the failure of the counterinsurgency operations that the high command launches in despair at various spots in the country. The puppet troops, completely demoralized, flee from the FMLN territories. Their greatest joy comes when they withdraw from those territories. Alongside the crushing defeats of the puppet high command's operations, our guerrilla actions are being carried out in nine theaters of operation. The west is now an FMLN theater of operations. The cities are also theaters of operations of the people's guerrilla forces. The specter of defeat lies beneath Vides Casanova's boastful statements. The high command's frustration in trying to contain our actions lies beneath Vides Casanova's boastfulness. The high command knows it cannot prevent our urban guerrilla actions. The operation at San Benito's Zona Rosa will serve as a reminder if they forget.

The high command's ineptitude and the low morale of the Army, which was already been defeated by the FMLN and lingers only thanks to Yankee aid, are the true reasons why the Army cannot participate in an attack against Nicaragua. If they have not been able to handle our rebel units, how could they attack the Nicaraguan people while continuing to face our uninterrupted and increasingly strong rebel actions? Vides Casanova, Ochoa, and Bandon are surely anxious to attack the Nicaraguan patriots, but they know that their criminal desire will not suffice, that they lack the morale, capacity, and, above all, justice, which is with the people. Justice is with the FMLN and the Nicaraguan people!

The gringos warthirsty purposes, which the Salvadoran military wholeheartedly supports, will be buried in Central America. Vides Casanova, Bandon, Ochoa, and all the puppet military chiefs are having to swallow their own words. The press and the people know all about their defeats. The people's growing struggle that takes the working classes to the streets and the presence and action of the rebels throughout El Salvador are the most overwhelming proof that the warmongering plans are being defeated. Our people are advancing inevitably toward victory!

FMLN AMBUSHES AIRBORNE TROOPS IN LA CEIBITA

PA101620 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 6 Jul 85

[Text] Attention: Today, Friday, 5 July, guerrilla units of the Rafael Arce Zablah Brigade [BRAZ], Commander Gonzalo Southern Group, clashed with the paratroopers battalion, one of the elite forces of the dictatorship, in La Ceibita canton, Usulután jurisdiction. Our units had prepared a plan to attract the airborne troops in order to ambush them in guerrilla camps spread out through La Ceibita canton.

In fact, the paratroopers battalion landed in these positions, supported by 3 A-37 planes, C-47 planes, an O-2 small plane, and 12 helicopters. In spite of the strong air support for this landing operation, the paratroopers became completely demoralized during the first few minutes of the clash after suffering four casualties. When the high command realized that their units were being threatened without achieving their goal, it pulled them out.

This was a new operation designed by the U.S. advisers, but it was defeated by the intelligence, shrewdness, and creativity of our people. What did these [word indistinct] invaders think? That our people are foolish? They are wrong. Our people have learned how to fight, to defeat their mercenary tactics. Here in Morazan we are quite familiar with the defeats of airborne operations, and from here we greet the FMLN units who today, Friday, 5 July, defeated the airborne operation in La Ceibita. The high command and the U.S. advisers have been deceived.

The eight U.S. colonels have been deceived.

Our forces in Usulután prepared the plan to attract airborne troops with the purpose of shooting down their helicopters and annihilating their forces. The dictatorship's troops were sent to land on fictitious guerrilla camps that we had prepared especially to attract the troops and helicopters of the dictatorship. The puppet Armed Forces spent millions of colones in this operation, investing three Dragonfly planes, C-47 planes, small observation planes, and many helicopters, all of which completely failed.

The puppet Army's high command was deceived. It suffered four casualties among the paratroopers. They avoided more casualties by fleeing our violent revolutionary fire. The high command of the Usulután area did not want to suffer like the northern area of Morazan Department, where the U.S. Embassy in San Salvador has already admitted that we shot down two helicopters. That is how our people are advancing against the tactics of the invaders.

VENCEREMOS SAYS OFFICER AMONG 18 CASUALTIES

PA101733 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 6 Jul 85

[Text] Attention: Radio Venceremos has just received a report confirming that a battalion officer of the 1st Infantry Brigade is among the casualties we have inflicted on the dictatorship's troops in the Guazapa area, where we had planted land mines. It has also been confirmed that we have inflicted 18 casualties on the dictatorship's troops in the last 2 days in the Guazapa area. Most of the casualties have been caused by revolutionary land mines.

MOTHERS GROUP MARCHES ON U.S. EMBASSY 7 JULY

PA092245 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 7 Jul 85

[Text] Today, 7 July, the Committee of Mothers and Relatives of Political Prisoners, Missing, and Murdered People of El Salvador staged a march from Bolívar Park to the U.S. Embassy in San Salvador. The mothers, who are respected and admired by popular sectors, marched through the city's main thoroughfares with some 20,000 peasants and cooperative members and then headed toward the U.S. Embassy, where they chanted slogans against U.S. meddling in El Salvador's internal affairs. The members of the committee asked for an audience with U.S. Embassy officials, but in another expression of scorn and disrespect for the committee members they were not received.

GUATEMALA

PA101708 Guatemala City EL GRAFICO in Spanish 9 Jul 85 p 4

[Text] Guatemala, 8 Jul -- Government Minister Gustavo Adolfo Lopez Sandoval said today that the police forces in the country have been declared on a state of alert to counter the current wave of violence unleashed in Guatemala. The minister estimated the number of agents on duty at between 10,000 and 12,000 throughout the country. He said the alert has been enforced in the entire country as the first step to stop this wave of crime. This means, he added, that the police will work 24 uninterrupted hours; therefore, all leave permits have been canceled. The minister admitted that the wave of violence currently affecting the country could lead to stronger restrictive measures.

He referred to statements by General Mejia Victores concerning the possibility of establishing a state of emergency. However, he noted that it is just a possibility, which does not mean that the country is already under such a state of emergency.

In another part of his statements, the government minister said that his office would favor the security forces' intervention to control criminal actions that have been taking place on the university's premises. To that effect, he continued, we would talk with the director of San Carlos University, if the authorities of that study center are interested in controlling the authors of such actions. Finally, Lopez Sandoval suggested that the news media could cooperate to reduce the level of violence by not giving such importance to the criminal actions taking place in the country.

HONDURAS

PA101653 Panama City ACAN in Spanish 1622 GMT 10 Jul 85

[Text] Palmerola (Honduras), 10 Jul (ACAN-EFE) -- Salvadoran President Jose Napoleon Duarte arrived at this Honduran air base for a 24-hour visit at 1000 local time (1600 GMT). Honduran President Roberto Suazo Cordova, Foreign Secretary Edgardo Paz Barnica, and Armed Forces Commander General Walter Lopez Reyes greeted Duarte. Duarte and Suazo got into a bulletproof car and left for La Paz.

All the reporters and officials present were surprised at the lack of protocol for Duarte's visit. In the city for the round of talks and negotiations concerning bilateral and regional matters of importance for their countries. [sentence as received] Welcoming speeches were also canceled to begin work as soon as possible. A press conference scheduled for 2000 tonight (0200 GMT tomorrow) was postponed. Reporters were told that the presidents will make some statements tomorrow, once the talks end.

PAZ BARNICA REPORTS ON SECURITY COUNCIL MEETING

PA101500 Tegucigalpa Domestic Service in Spanish 1130 GMT 9 Jul 85

[Text] The National Security Council members met yesterday to discuss Salvadoran President Jose Napoleon Duarte's visit. The Salvadoran president will arrive in Honduras tomorrow to meet with his Honduran counterpart, Roberto Suazo Cordova. The two presidents will talk about the progress made in the border negotiations. This was announced by Honduran Foreign Secretary Edgardo Paz Barnica at the conclusion of the National Security Council meeting.

[Begin recording] One of the subjects that required special attention at today's meeting is Salvadoran President Jose Napoleon Duarte's visit to La Paz on Wednesday. A few months ago the Salvadoran president expressed his desire to meet again with President Suazo Cordova, his advisers, the chief of the Armed Forces, and the foreign secretary. A priority during this trip will be to speed up the direct negotiations within the framework of the 1980 General Peace Treaty to resolve the border differences existing with El Salvador. This is essential for Honduras, it is essential for El Salvador, and it is essential for the two countries. As you are all aware, the deadline for the negotiations is 10 December.

As Salvadoran Foreign Minister Castillo Claramount has said, if a solution is not reached through direct negotiations between Honduras and El Salvador, then we will have to go to the International Court of Justice at the Hague. Honduras is prepared should this be the case. We trust that President Duarte's visit will give an important political and legal boost to the bilateral negotiations to resolve the border differences in an integral manner, in an overall manner, seeking the [words indistinct] and measures based on the 1980 General Peace Treaty. [end recording]

Another subject discussed by the National Security Council was the situation of the Salvadoran refugees in our country.

[Begin recording] During the National Security Council meeting we also discussed the issue of the refugees. As you all know, we have a National Commission for Refugees headed by Government Secretary Arnulfo Pineda Lopez. The commission will work to strengthen some aspects of the refugee policy in line with Honduras' careful and humane treatment of the issue, assisted by the valuable cooperation of the UN Office of High Commissioner for Refugees. Thus, within Honduras' sovereign rights, it will be able to exercise jurisdiction, control, and oversight at the Nicaraguan and Salvadoran refugee camps. [end recording]

The foreign secretary also reported on his recent visit to Spain, where he met with that country's leading authorities.

[Begin recording] I reported on my recent 9-day visit to Spain during this meeting. In Spain I met with representatives of all sectors of Spanish society, including King Juan Carlos; Prime Minister Felipe Gonzalez; former Foreign Minister Fernando Moran; current Foreign Minister Francisco Fernandez Ordonez; political leaders like Adolfo Suarez and Jose Estrada Iribarne; newspaper editors in chief like Juan Luis Cebrian of EL PAIS; congressmen and senators; and Madrid Mayor Tierno Galvan. I also met with Argentine Foreign Minister Dante Caputo who was there. I told him that the Honduran Government looks favorably on the role countries like Argentina, Brazil, and the Dominican Republic play to help strengthen the peacemaking efforts of the Contadora Group and on the creation of an ad hoc disarmament commission made up of Spain, Canada, and other countries which will be included in the statute for verification and control on security that will be an annex to the Contadora Group peace document. I also denied reports that President Suazo Cordova will visit Spain and other European countries. He has no plans to travel. He delegates the task of representing him on all foreign actions to his foreign secretary.

We also discussed a meeting we held -- the second, as the first one was held in December -- with high-level European advisers who have been counseling Honduras for many years to strengthen its defensive capabilities in the legal realm and within the peaceful solutions to international controversies. We held intense sessions that spanned several days and included the participation of Mario Carias, president of the joint border commission, and attorneys Jorge Ramon Hernandez and Carlos Lopez Contreras. They traveled to Uruguay and Argentina to speak with the government leaders of these friendly nations on the status of the Contadora Group negotiations. [end recording]

CRIMINAL ORGANIZATION FORMS TO FIGHT CONTRABAND

PA101547 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 9 Jul 85

[Text] An anonymous document received by local news media reveals that a criminal clandestine organization is being created to execute the alleged authors, accomplices, or abettors of contraband.

The document is signed by the so-called Death to Contraband National Front [Frente Nacional Muerte al Contrabando -- FNMC] and reports that this clandestine organization has been established in our country for criminal purposes. It will execute anyone it considers an author, accomplice, or abettor of the crime of contraband. The public statement issued by the clandestine organization proclaims that it will take justice into its own hands to exterminate the alleged authors of contraband -- either civilians or military officers, public or private officials -- including drivers transporting the smuggled merchandise.

Though there is no evidence to prove the existence of this organization, it has provoked concern, and central government authorities should proceed to carry out the proper investigation and thus prevent a massacre in our country that would lead to unimaginable consequences. Though we do not seek to create alarm, we want to fulfill our fundamental duty of informing the people about what happens in our society; we also want to prove that more than one person in our country wants to create social unrest and chaos.

The following is the complete text of the communique which, as is very well understood, only police authorities should investigate to confirm its authenticity. The document drafted by tenebrous minds reads as follows:

FNMC, Death to Contraband National Front

Public Declaration No 1

Following a general assembly of all members somewhere in Tegucigalpa, it was unanimously decided to start curbing contraband immediately through our own means, since no government official has been able to do it. We are sure that they will never be able to do so, quite the contrary, public officials themselves have advocated and abetted it. Consequently, we declare that this government is the government of contraband.

We, a group of small businessmen, have met following a desperate request from a group of workers, unemployed due to contraband. During the meeting we analyzed our problems and the country's problems due to contraband and established our goals, organizing and consolidating ourselves to coordinate all the necessary actions aimed at physically exterminating the contrabandist criminals, whom we declare our enemies to the death. Their complete extermination is the only solution possible to the multiple problems inflicted on the country's economy and a great number of honest Hondurans.

We consider the contrabandist criminals as aggressors against us and our families, given that they act against our heritage and jobs, our only means of support for our families, and we are unjustly suffering hunger and problems because we cannot compete with the contrabandist criminals, the worst possible criminals, who should be killed without mercy. Consequently, we state that we have been compelled to take justice into our own hands and, following a trial, all contrabandist criminals have been sentenced to death. They will be executed as follows:

1. We will kill the small and large contrabandists; the drivers of trucks and containers carrying contraband; customs officials and treasury policemen who advocate and abet contraband; the large and small businessmen, including street vendors who buy and sell contraband products, public employees, deputies, and civil or military officials who protect or are involved in these crimes; and the unscrupulous lawyers who brazenly defend well-known contrabandist criminals, by slitting their throats with a knife.

2. The corpses of executed contrabandist criminals will bear a wooden sign driven into their chests with a 5-inch nail. The sign will read: Death to contraband.
3. We will continue to execute contrabandist criminals until their complete extermination or until a government and its authorities cease to abet and advocate these damned criminals.

We clarify to the people that we are honest, hard-working Hondurans dedicated to our families and production. We deeply regret having to take this road of violence, blood, and death. However, good Hondurans have the moral obligation to do so because contrabandist criminals represent a threat to our family heritages and small production plants -- which have cost us many years of sacrifice. In addition, these vile criminals have acted in connivance with many public officials and employees and are responsible for the grave backwardness and unemployment, which are starving many honest fellow citizens. Nevertheless, we harbor the remote hope that this government of contraband will make an honorable rectification before it is too late and decree immediately the necessary laws so that these delinquents and their accomplices are sent to prison for life, without parole. The government should not simply confiscate the contraband to collect a fine and the legal taxes and then return the merchandise. We remind the government that the criminals should be sent to jail and not simply dismissed from their public posts so that their crimes are forgotten. This is not honesty, it is complicity!

We issue a call to the Armed Forces to offer us all their patriotic support and collaboration, preventing the proliferation of contrabandist criminals with government employees' complicity. Only the Armed Forces' decided intervention will quickly curb contraband; we ask them to hand down the most strict punishment for every criminal captured, either civilian or military, from any political party, or of any military rank. We especially request the courageous, effective, and honest collaboration of all journalists and the news media, to give us moral support and publicize our campaign "Death to Contraband," so that all the people and government become aware of it and we may soon attain the ideal shared by all honest Hondurans -- seeing our dear homeland free of criminals and really turned into an emporium of work, honesty, and prosperity.

For a country free of criminals, death to the contrabandist dogs! For a homeland only for honest Hondurans, death to contraband! The time has come to kill these modern pirates and corsairs! Sharp knives will bring justice to their throats! Be alert to our patrols of just executioners! You will soon receive the execution schedules.

[Signed] Tactical Command; Death to Contraband National Front, FNMC.

NICARAGUA

ORTEGA COMMENTS ON REAGAN REMARKS, U.S. POLICY

PA102253 Managua Domestic Service in Spanish 1913 GMT 10 Jul 85

[Press conference by President Daniel Ortega Saavedra at the meeting of the System of Cooperation among American Air Forces in Managua, Sicofaa; questioners not identified -- live]

[Excerpts] [Ortega] We wish to take advantage of this occasion during which we are greeting the representatives of the Latin American Air Force who have not met here under the sponsorship of Sicofaa to demonstrate once again the spirit of Latin American unity that the Nicaraguan Government has been defending.

For what? For peace. Why the Latin American unity? To achieve peace. We value this meeting as one within the technical framework, and we feel that this kind of meeting contributes to rapprochement among Latin Americans and in this manner the advance toward peace.

We also wish to talk about President Reagan's continuous statements in which he is trying to charge and involve Nicaragua in what he calls terrorist activities. He is trying to involve Nicaragua by accusing it, together with other countries, of being an accomplice in terrorist activities. President Reagan has displayed a persistent attitude in this sense, and becomes cause for concern because, after the Beirut incident -- luckily this ended well; we were hoping the U.S. citizens would be allowed to return to their homes safe and sound and that the Lebanese people would remain out of danger -- President Reagan began lashing out, especially at Nicaragua. We could say that Nicaragua is the country that President Reagan is most focused on in his policy of aggression and terrorism. It seems that he is trying to create the conditions, among the international opinion and the U.S. public opinion, to launch some terrorist actions against Nicaragua; more actions than those he has already launched against this country.

We wish to denounce President Reagan's campaign. President Reagan has shown himself as a person who does not respect international law, and he nourishes state terrorism against Nicaragua. Since the Beirut incident he has been trying to create the appropriate conditions to attack Nicaragua.

Now President Reagan has become a spokesman for the FRG Government. Information has leaked out of the State Department -- and President Reagan has also had a hand in this -- stating that FRG, Italian, Spanish, and other terrorists are being trained here. What concerns us most is the fact that President Reagan, the U.S. Government, is speaking on behalf of European governments with which Nicaragua has normal relations. Only recently I met with Prime Minister Felipe Gonzalez, Prime Minister Bettino Craxi; we have relations with the FRG -- not the best relations, but we have relations with them -- and at no time were charges made the way President Reagan is issuing them. We believe that President Reagan and the State Department are acting in a dangerous manner when they say these lies that do not help the peacemaking efforts being made by the Contadora Group or the peaceful solution that the U.S. Government has called for in the Central American region.

[Question] Commander, President Jose Napoleon Duarte and the Salvadoran Defense Minister have talked about participating directly in the event of a Nicaraguan attack on Honduras or in the event of a war. They said that they will participate on the side of democracy and against Nicaragua. Could you speak about this?

[Ortega] The truth is that they have not been able to win the war they are waging in their own country, the people's war, yet they are hoping to launch Napoleonic campaigns in Central America. I feel this does not help in the solution of the problems we are having in the region, and we must view the Salvadoran attitude, the statements of the Salvadoran officers, and President Duarte's attitude, within the context of this aggressive U.S. escalation against Nicaragua. Surely a U.S. military action against Nicaragua would have the complicity of governments such as the Salvadoran Government. We know the Salvadoran Government's attitude. It is promoting terrorism against Nicaragua. It supplies weapons to the counterrevolutionary forces operating in the south. La Penca counterrevolutionary base was being supplied from El Salvador. This was not only proven by us, but was confirmed by the prisoners who are in Costa Rican jails. They have stated that the planes with supplies flew in from El Salvador; planes with Salvadoran Air Force pilots.

[Question] Commander, how would you explain President Reagan's statements -- as statements made by a madman or a man who represents capitalist interests in a (?logical) manner?

[Ortega] I feel that with his statements President Reagan is trying to manipulate the feelings awakened in the U.S. people by the fact that more than 40 U.S. citizens experienced a difficult situation in Beirut. This incident, which we did not approve of and hoped for the best solution, is being used by President Reagan to create a parallel. He says that Nicaragua is a source of terrorism and therefore, Nicaragua is a threat to U.S. citizens; and in saying this he justifies any action against Nicaragua. It stands to reason that this is within the framework of the policy of terrorism that the U.S. President has been launching against Nicaragua. The truth is that the U.S. President is acting like a terrorist. By disregarding the ruling of the International Court of Justice he is violating all the international laws. It would be the same as if a U.S. citizen were to disregard U.S. laws. President Reagan is disregarding the international laws that the United States had always respected. The International Court of Justice is an organization that the United States has used on several occasions.

RAMIREZ CALLS FOR UNITY TO DEFEND NICARAGUA

PA100434 Managua Domestic Service in Spanish 0300 GMT 10 Jul 85

[Text] Montevideo -- Nicaraguan Vice President Sergio Ramirez Mercado said today that Nicaragua is prepared to resist and defeat an invasion, which can occur any time. The accusations raised yesterday by President Ronald Reagan in the sense that Nicaragua forms part of a confederation of terrorist states clearly indicate his intention to invade us, Ramirez noted. He called for unity among the Latin American countries to defend Nicaragua's sovereignty.

The Nicaraguan vice president will leave Uruguay tomorrow for Peru. He will then travel to Ecuador on the last leg of his Latin American tour, during which he also visited Colombia, Venezuela, Mexico, Panama, Argentina, and Brazil.

EPS TROOPS KILL 41 CONTRAS IN NUEVA GUINEA

PA101930 Managua BARRICADA in Spanish 8 Jul 85 p 5

[By special correspondents]

[Excerpt] Juigalpa -- The Sandinist People's Army, EPS, dealt heavy blows to a counter-revolutionary group mobilized in the Nueva Guinea Mountains during the past 14 days, recovering a large amount of military equipment. Commander Roberto Calderon, head of the EPS 5th Military Region, said that 41 mercenaries were killed by fighters of the Permanent Territorial Company [Compania Permanente Territorial -- Copete] of Nueva Guinea's 53d Brigade, as part of an operation to dislodge forces of the so-called Revolutionary Democratic Alliance [ARDE] that have infiltrated in the region.

The main clashes took place in the sectors known as (Cano Chiquito), (Capilla San Francisco), and (Dos de Oro), where heavy fighting has been taking place since 21 June, specifically in the Cukra River and Atlanta areas, near the Punta Gorda River, Calderon reported. The mercenaries who were killed were part of a counterrevolutionary force that just lost 61 men during the month of June, including Somozist commanders known as "Chontalito" and "El Latigo."

Commander Calderon reported that simultaneously, the Nicaraguan Democratic Forces [FDN] groups that attacked the town San Pedro de Lovago some days ago, are trying to evade EPS troops, and have been kidnapping and killing civilians in northern Chontales Department.

He added that according to a peasant who managed to escape after being kidnapped by the contras in San Pedro, three civilians who were abducted in that town have been killed. Two of these peasants were identified as Antonio Garcia Lasso and Reinaldo Blandon Manzanares. Commander Calderon stressed the importance of the victories obtained by Nueva Guinea's Copete forces over the mercenaries.

Meanwhile, the Farabundo Marti Unconventional Warfare Battalion [BLI] troops, who repelled the Somozists that recently tried to occupy the town of San Pedro de Lovago, reported on their actions. "We made them come down from the hill they had occupied at the entrance of the town. The contras fled under heavy machine-gun fire. The Farabundo Marti BLI forces then occupied the hill, and we were instructed to advance on the town." Machinegunner Ricardo Cruz Ortiz made this statement in describing the quick action of the cubs who carried out the action in an armored reconnaissance car (BRDM) that arrived in San Pedro de Lobage last Monday.

CEB VIEWS OBANDO CARDINALATE AS 'POLITICAL DECISION'

PA061437 Managua Radio Sandino in Spanish 1750 GMT 4 Jul 85

[Text] Msgr Miguel Obando y Bravo's cardinalate should be in support of the people because his appointment, in view of the current situation experienced by Nicaragua, represents further commitments with the poor. This statement was made by Christian members of the Base Ecclesiastical Communities [CEB]. (Indiana Acevedo), coordinator of the CEB, said that there would be no problems between the hierarchy and Christian bases if he were to recognize them, but he leans only toward a certain sector. (Acevedo) also said that Msgr Obando y Bravo will have to prove that there is one church and not a divided church as was demonstrated during the pope's visit in 1983. In conclusion, (Acevedo) said that the honor of Cardinal Obando y Bravo's appointment does not make him more important than the other Nicaraguan bishops, because the pope's decision to make him a cardinal was a political one based on shared ideas regarding the traditional church.

CORRECTION TO D'ESCOTO CALLS REAGAN 'CYNIC'

The following correction pertains to the item headlined "Foreign Minister D'Escoto Says Reagan 'Cynic'," published in the 9 July Latin America DAILY REPORT, pages P 7-P 8

The sourceline should read: Managua Domestic Service in Spanish 0300 GMT 9 Jul 85

CASTRO MAKES STATEMENTS DURING FELAP SESSION

Discusses Foreign Debt

PA070425 Havana International Service in Spanish 0216 GMT 7 Jul 85

["Special" report by Ezequiel Perez Martin on the statement made by President Fidel Castro on 6 July during the evening session of the Fourth Congress of the Federation of Latin American Journalists, FELAP, at Havana's Palace of Conventions -- passages within quotation marks recorded]

[Text] [Perez] The top leader of the Cuban revolution once again kept his word and appeared at the main conference at the Palace of Conventions as he had promised yesterday to the over 200 newsmen who are participating in the FELAP congress.

Fidel Castro made his comments during the discussion of the fourth topic on the FELAP agenda, journalism and the economic and financial crisis existing in Latin America, a theme that was brilliantly presented by Peruvian newsman Efrain Ruiz Caro, vice president for Latin America of the International Organization of Journalists.

Ruiz Caro said that all paths are being closed to the debtor countries and that today Latin America has a historical opportunity to bring its exploiters to their knees by declaring that it will not pay the debt. He said that of every dollar loaned to a Latin American country, 68 cents is used for amortizing the debt and paying interest. The Peruvian newsman holds the interesting position that if the debtor countries are forced to pay the huge foreign debt, within the shortest possible time there will be a shower of fire.

After several speeches on the acute foreign debt problem -- prominent among which was a comment by Andres Solis, a Bolivian, who said that in this situation one has to do what a famous French general once recommended, namely, when all is lost, our only choice is to flee forward -- the delegate of the Dominican Republic, Oswaldo Santana, took the floor. He expressed several doubts about the call for Latin American unity to face up to the problem of the foreign debt.

It was at this point that Cuban President Fidel Castro asked for the floor to answer the Dominican newsman. He explained that there are two kinds of unity: internal and external. In other words, in each country, there should be internal unity, which is achieved by that country's citizens. However, he said, no country should be left out of the external unity.

[Castro] "We have spoken of two kinds of unity that we think are necessary for us pygmies to wage this battle against the colossus, against the giant of the north. We have seen an elephant fall into a trap, into its own trap. The elephant is in the trap and we pygmies are circling around the elephant in great fear. The elephant is imperialism, the capitalist, developed, industrialized, rich, exploitative, historically pillaging countries that have fallen into a trap. What should we pygmies do as we circle around the huge hole into which the elephant has fallen? We have to do something. At this point, the struggle is not among the pygmies. The struggle is against the elephant, above all. If we pygmies fight among ourselves and forget about the elephant, the same thing that has been happening to us since the time of Hernan Cortes will befall us now. At that time, the Aztecs fought against each other, and the saddest thing in history is that 4 centuries later, imperialism is doing to our countries the same thing that the Spanish conquistadores did in Peru, in Mexico, and everywhere: pushed us to fighting and struggling between ourselves, as our brother Puerto Rican said with sorrow. He even recalled the verses by Neruda.

"They used the blood of our Puerto Rican brothers to invade Grenada, to threaten Cuba and Nicaragua, and to wage war against us. Therefore, we pygmies have to unite. In general, we have to carry out joint ventures. We have to do things together.

"Thus, we speak of two kinds of unity: internal and external. We have expressed that idea of internal unity as a general principle, but one that has its exceptions."

[Perez] The Cuban president explained that the statement on the impossibility of paying the foreign debt would have been very difficult to put across before the democratic opening in several South American countries.

[Castro] "A year ago, it would have been almost impossible to say this, because the possibility of internal unity to struggle against something that is very important and very decisive for the country could not be achieved. It was possible only in a minority of countries. This entire idea is associated with three very important events in this hemisphere: the democratic openings in Argentina, Brazil, and Uruguay. Uruguay is important, not so much for its size, as for its symbolism.

"Therefore, we are experiencing new times, and ideas, programs, and political slogans are used in the context of a number of realities and situations as possibilities. We are experiencing changing times. However, I will say more: That democratic opening is not separate from the tremendous economic, political, and social crisis that the hemisphere is experiencing. It was not just the defeat at the Malvinas that removed the Argentine military from power. They were removed by the economic crisis. It made them take flight. They did flee, but backwards. They did not follow the instructions of the French general mentioned to us by the Bolivian. [laughs] They fled in terror, in a stampede.

"The Uruguayans, and even the Brazilians, although more modestly -- because not all these military personnel followed exactly the same policies where the economy was concerned... [rephrases] In other words, the economic crisis has promoted the democratic opening. Now, if those economic problems are not solved, if they attempt to pay the debt, that would be the end of those democratic processes, which are unquestionably a step forward. I do not believe... [rephrases] I believe that if you asked 100 Argentines, 95 would say: The democratic process has to be preserved. Of every 100 Uruguayans, 95 would say the same thing, and of every 100... [rephrases] because they experienced horrible things."

[Perez] During his public dialogue with Dominican newsman Oswaldo Santana in this main conference room of the Havana Palace of Conventions, Fidel Castro said that no country should be excluded from this gigantic battle for independence and sovereignty, not Guatemala, or Chile, or Paraguay, or El Salvador, where there are tyrannical regimes, because the resolution of the foreign debt problem in those countries would not mean that those disastrous governments would be perpetuated. He said that those tyrannies could not be saved in any case.

[Castro] "Not that of Pinochet, nor that of Paraguay, nor that of the henchman of imperialism in Central America. They cannot be saved. Those are exceptions in which we would be incapable of proposing internal unity. I cannot imagine it. Now I can imagine it in Argentina and in Uruguay. It does, in fact, exist. In Uruguay there is much internal consensus. However, I am not talking about internal consensus for sports, but an internal consensus for waging this great battle, which is a battle for decisive nationalistic independence. The battle is no longer for democracy, but for independence."

[Perez] The top leader of the Cuban revolution told his audience that this is not just a battle of the Latin American countries.

[Castro] This is a battle of the 4 billion people who live in the Third World, because we are not waging a battle for the Latin American foreign debt; we are waging a battle for all the Third World countries. We are proposing this unity. Therefore, we say external unity. External unity means that all the countries follow one guideline. We are really proposing a unity of action by all the Latin American and Caribbean countries, by all the Third World countries. This is what we are proposing as an external battle. Why? This is the biggest battle. Do you know why? It is much more important than independence, the independence of Latin America, of which we have spoken so much, for so long and that we have actually never achieved, to tell the truth. You know this is true. You cannot even make a social change. The very next day the Yankee fleet would be right there telling you that you cannot make social changes. Nicaragua cannot make a social change; right away invasions are organized all around. It is blockaded; there is a trade embargo, and everything is blockaded. Now you will have a better understanding of a concept that I have expressed. It is the following: Either this problem is solved or there will be generalized revolutionary explosions throughout the hemisphere. A newsmen set a trap for me, asking: Which would you, as a revolutionary or a radical, prefer? I said: Do you know what I would prefer? At this moment, I believe that the cancellation of this debt and the establishment of a new international economic order are much more important than two, three, or four revolutions.

"I know something about revolutions [applause], Santana, because of the Cuban revolution. We implemented it 26 years ago. I believe we have made some progress. Above all, not only have we carried it out, we have been able to defend it, perhaps fleeing forward, but we have known how to defend it, and we have been able to defend it.

"We are familiar with the Nicaraguan revolution, and that of Grenada. We know of revolutions in Africa -- Ethiopia, Angola, Mozambique -- and many other countries -- Vietnam, Laos, Kampuchea. We know of revolutions; there have been quite a few. We are familiar with revolution in Third World countries and with what happens. When they occur, since we are totally independent, they immediately begin to blockade us, to divide us. They grab each of the pygmies, one by one, when they rebel. First I will grab you, then another, and another of the little pygmies, and they begin to struggle.

"Then comes the economic blockade to sink you. This comes first. Later comes the subversion, border wars, bandits everywhere, the CIA, credits approved by Congress. The destruction begins.

"If Bolivia carries out a revolution, so what? What are they going to do to the Bolivians? I want to know: If the price of tin remains at \$6, what are the Bolivians going to do [words indistinct] because that way the sharing would at least be more equitable.

"Some will say: I don't want to share poverty. We have to tell them: Shared poverty is more than just unshared poverty. Yes sir. This would mean going backwards for some. Then they don't distribute poverty.

"While the people live in poverty, a privileged minority has everything and lives like millionaires. A revolution in poverty is better than the exploitation system. The abysmal needs accumulated by all our countries, in Cuba, Bolivia, Nicaragua, and everywhere, can be met only through social changes.

"I will tell you more. We have been able to advance not just because of the social changes we made, but because we established a new international economic order in our relations with the socialist countries. If we had not established this new order, you and I would not be here. [applause]

"I think that the lights went out yesterday. Well, lights would have been out. [sentence as heard] If it were not for the new order, this building would not exist, but the revolution, yes, even if it were a primitive communism. We would have defended it without lights, with candles if we had candles, with a torch and tar to light us during the night. However, we would not have had what we have today, the colossal social advances we have achieved. We would not have had a country of 20,500 doctors, a country which is beginning to establish family medical care, a country in which there will be 50,000 doctors in the next 15 years, a country which is already graduating the first primary schoolteachers from university.

"We are taking full advantage of the new order. We are using it well, trying to be as efficient as we can. We realize that the problem of poverty cannot be solved only through social changes. Underdevelopment still has to be solved. We must investigate the causes of underdevelopment. Why are we underdeveloped? What are the factors that contributed to our underdevelopment? We have to eliminate the causes of underdevelopment, to have the right to be independent and also to make revolutions, so that they do not strangle us the next day, as they tried to do with Cuba and Nicaragua. When we talk about a new economic order, we are also referring to putting an end to the embargo and all those crimes the United States has committed against any country for trying to be independent. The United States is not going to impose an embargo against Pinochet, or Stroessner, or the horrible apartheid Government of South Africa. It talks about constructive relations with apartheid. But Cuba has to be strangled, Nicaragua also has to be strangled, and Grenada has to be invaded. Since we are tiny, as are you of the Caribbean, no one will benefit more than you from this battle. No one will benefit more than you from this union. This is a tremendous and colossal battle against imperialism.

"What we are discussing is forfeiture if you want the debt to be canceled or rejected. I was telling Luis de Caro that the debt is not \$700 billion; the Third World debt is more than \$900 billion. In 20 years the debt would be \$3 trillion. They want this hungry and famished world to pay \$3 trillion in 20 years. Gentlemen, of course this is impossible. This is the first thing we should realize. This is the battle waged by all the Third World countries, by more than 100 countries. This is very important. This is the battle for the independence of this hemisphere with much more historic projection and importance than the one waged at the beginning of the past century. This is the battle for the lives and future of 4 billion poor and hungry persons. Let us not count the few million rich people.

"I know that some countries have wasted that money, have stolen it, have absconded with it. We also know in what countries this took place. We have names. We know how many millions have been taken out of each of those countries. Luis Caro said that up to 40 percent of that money had been taken out of the countries.

"I want you to know that a few days ago I read a World Bank report stating that in one of the Latin American countries with the largest debts, for every \$100 that came into the country, \$126 was taken out. Approximately 40 or 50 percent of the money that went into the 10 largest debtor countries was taken out. And there is a particular country from where the equivalent of 126 percent of the money was removed. We know about that. But are we going to be concerned with those who took the money or with the people of those countries, who are the ones being urged to pay?

"They are not asking the billionaires from a particular country, from Mexico, to pay. They are asking the Mexican, the Argentine, the Uruguayan, the Venezuelan, and the Brazilian people to pay: the people. And medical services, educational services, and jobs have to be eliminated."

[Perez] In another part of his speech to more than 200 journalists attending the Fourth FELAP Congress at the Palace of Conventions in Havana, the Cuban president reiterated that if the IMF pressure and the unmerciful exploitation of the Latin American people due to the huge and unpayable foreign debt continues, there will be social explosions.

[Castro] "I believe that in order to be able to wage this battle there has to be unity. If one of these countries decides to repudiate the debt -- Luis Caro has said that such a country should receive solidarity from everyone -- it will find it difficult to wage this battle unless it has internal unity. The interesting part of all this is that the only banner that can produce internal unity is this banner. There is no other banner in Latin America that can be hoisted by a country with a democratic opening, by a more or less democratic government. This is the only banner that can produce internal unity. There is no other banner.

"But one has to be crazy to call for unity to pay the IMF, the debt. There has to be internal unity for not paying the debt. [applause] We have gone further. Some say: Sacrifice to pay the debt. We say: Sacrifice for development, yes. Sacrifice for development. You can ask the people to make sacrifices to develop but sacrifices to pay the debt? Never. Sacrifice for the plundering to continue? Never.

"We have to be clear on this. These ideas are essential. I don't think there will be any [words indistinct]. I think there will be revolutions if attempts are made to implement the measures of the IMF. I have no doubt about that.

"A key idea has not been mentioned. Luis Caro hinted at it. There is something very special, something more important than the debt: The cancellation of the debt, the repudiation, the voiding of the debt, the clean-slate approach would not solve the problem. It would have a respite, but at the end of 6 or 7 years they would be as bad off or worse than now. This is so because there is underdevelopment, and the causes of underdevelopment would persist.

"There is protectionism. There is inequitable trade. There is arbitrariness in the value of currency, in interest rates. What is the United States doing? I have heard [words indistinct] that was made. It has created an impossible situation that forces us to adopt measures, to unite.

"We have to speak about a new international economic order, because if we don't what's the use of speaking about the debt? It would continue the same way. What is the cause of the debt? The plundering of our countries for centuries, the paying of \$6 for our tin, the price of bulldozers.

"How much did the bulldozers that they use in their mines cost 20 years ago? \$20,000. But now go to the market and try to buy one. You will have to pay \$80,000. Now we have to pay several times what we paid before for the bulldozer and other equipment, but you still get \$6 for tin that costs \$14 to produce, in spite of the fact that miserable salaries are paid to the people who produce it.

"So what are we proposing? We are proposing unity and strength to wage this battle for something as vital as the cancellation of this debt. With this strength we will make impositions, we will make demands. We are going to impose the cancellation of the debt on them. And at the same time, with this additional strength, we will demand a new international economic order, an economic order that was approved by the United Nations 10 years ago but about which they don't want to talk."

[Perez] Castro also spoke about the need for the people to participate actively in this vital struggle for sovereignty and about the effective work that journalists can carry out in this regard.

[Castro] "This afternoon I realized the importance of journalists having clear ideas. They have the awareness, the will, the desire to help their people eliminate exploitation, but we must see all these elements very clearly. For this reason it is good that these things are being discussed here, so that there is a clear understanding of what is being affirmed and what we have to do. We are not promoting subversion. We are simply calling for the awakening of all the Latin Americans and all the people of the Third World.

"I am going to tell you something else. We have been talking about anti-imperialism for some 50 years. Nothing can teach more about imperialism than this problem. We don't have to look for a classical Marxist book to tell us about this problem. I am saying that this problem of the debt, the IMF, and the horrible measures adopted by these selfish countries are teaching the people more about the meaning of imperialism and exploitation than 10 expensive books. It is so because the people are enduring this situation morning, noon, and night, all the time. And this can be seen in every country in a thousand different ways.

"If the journalists do wage this battle, I would say that the possibilities of victory will grow. We have been plundered for centuries. This is why I say it is economically, politically, morally, and legally impossible to pay the debt, that it is unpayable from every angle. The historic reason for this is that they have plundered us. They are the ones who owe us, economically speaking.

"Santana, excuse me for having expanded at length on this subject. To summarize, I want to say that I believe this is a historic battle of great importance. If we realize this clearly, we can wage this battle and win, and we do not have to feel bad about it. This is why I told you that I am a radical. I have thought much about where there could be a contradiction and what kind of contradiction, if there were one. I reached the conclusion, based on doctrine, ethics, and political experience, that there is no contradiction between what we are proposing and our [word indistinct] thinking. This is the strategy we must follow."

[Perez] Following Fidel Castro's participation, Dominican newsman Osvaldo Santana thanked the top leader of the Cuban revolution for his explanations on the acute foreign debt problem of the Third World countries and, especially, of Latin America.

[Santana] "Mr President, I thank you for the generosity and warmth with which you have honored me. I want to express honestly and very sincerely my satisfaction. Most of all, I want to thank you for your generosity and kindness." [applause]

Reiterates Debt Nonpayment

PA090058 Havana International Service in Spanish 0300 GMT 8 Jul 85

[Statement by President Fidel Castro in answer to a question on the Latin American foreign debt from Venezuelan journalist Eleazar Diaz Rangel, president of the Federation of Latin American Journalists, FELAP, during the 7 July evening session of the Fourth FELAP Congress at Havana's Palace of Conventions -- recorded]

[Text] Companero Diaz Rangel, demonstrating that he is a good journalist, asked a question about a thorny problem that is full of thorns. [laughter] Look, I was also listening to the Uruguayans and the Brazilian companeros who made very interesting statements. I think all of the statements have been good. Some of them have been exceptionally good, really very good. They have enlightened all of us about this problem. There has been a recurring theme.

11 VI We have had several international meetings. We must still hold the workers meeting in the middle of the month and at the end of the month there will be a very large one. The invitations have been prepared and are being delivered. We see a recurring theme. It is like a long line with the same idea: the idea that the debt cannot be paid.

12 Some time ago, no one dared say that the debt could not be paid. Some did, as was recalled here regarding the workers in Uruguay who began saying this. However, for many people it seemed an immorality to say that the debt cannot be paid. There is mystical respect for the words not paying, a moratorium. It is an institution that is as old as Roman law. Those who studied Roman law...[rephrases] I can tell you an anecdote. I remember that in my house there was much criticism of pawning something. The morals taught at home were that this was very bad and that those who pawned anything were committing a big mistake. To pawn something was terrible. I grew up with that idea. 13 The worst guy in the world was the one who pawned something, the one who asked for a loan and pawned something. Then I began to study law: first year, second year, Roman law. The current civil law goes back to Roman times; the civil contracts, all kinds... [rephrases] We had to study a lot of that. During my law studies, among the interesting things I found in a book was that this is called a pignorative contract based on a 18 pledge. I read about that commitment for the first time in a book, but it was something that was 2,000 years old. Philosophers and jurists were already addressing those problems. I said to myself: Pawning something is not so sacrilegious. It seems like something honorable that was invented long ago. Of course, it was worse then because those who didn't pay were enslaved. If they pawned an object, they lost it. Many people did not have anything to pawn so they pawned themselves. They were even taken to 24 the circus where the Romans entertained themselves by putting Christians in the ring.

25 Therefore, the pignorative credit based on a pledge became honorable for me. I still remember that it filled some needs when our resources were not enough to live moderately as students. When that institution acquired such a respectable character, I also went to the little pawnshop and pawned some items. I even pawned a gold watch that I had 30 been given as a gift. Therefore, I had no other choice but to resort to a pignorative credit based on a pledge. The payments were worse than the foreign debt. Let me tell you that the interests were even more unfair, if there can be something more unfair than today's rates.

31 Roman law also spoke of moratoriums. Moratoriums were sometimes declared by individuals and at other times by the state. How many times did the state declare a moratorium? It is hard to find a single Latin American country where a moratorium has never been declared. A tremendous moratorium was declared on mortgages in Cuba in the 1930's. Someone has recalled that Mexico's Juarez declared a moratorium at a time when vessels and gunboats appeared nearby. I have given this much thought. (?I think) they can do this again at the present time. I don't think I have to mention this to you because 36 when you finish considering this material, you will see that I make a thorough analysis of the possibility that this industrialized world will do something today. The past 40 years have not elapsed in vain. The Algerian people's heroic struggle for independence against one of Europe's greatest powers did not occur in vain. The Vietnamese people's heroic 30-year struggle against one of the world's most powerful nations did not occur in vain. The struggle of the Portuguese colonies, which were the last to 41 achieve independence, did not occur in vain. The struggle and resistance of Cuba, Nicaragua, El Salvador, and Sahara in North Africa did not occur in vain. All of this did not occur in vain.

42 This has taught all of us, including the industrialized world, a lesson: that we deserve a little more respect, and that the largest power is no match for a small country determined to defend its rights.

I am convinced...[applause] I am convinced that they cannot invade us, they cannot impose a blockade, and they cannot divide us any longer. If they are deranged enough to do something like that, capitalism would instantly end. They cannot, and they know this. If the Latin American governments adopted a tough stance, what could they immediately do if two or three governments -- acting in desperation, because there is no other alternative -- do it and announce it, but not quietly because if they do it quietly the others will also remain silent because they do not want to make a fuss or want a bad example to spread. They are facing a dilemma. If some desperate countries do it and announce it as a right, as something fair, not only because they cannot pay since not being able to pay is part of the reason for not paying, and also because it is not fair to pay under the criminal payment terms demanded [applause], then they will impose a blockade against us -- surely they will [words indistinct] they impose a blockade and yet play along with the liberation movement. A solidarity movement will be unleashed that would make the Malvinas incident small in comparison to what a cause of that nature will unleash. Regarding the Malvinas incident, no one stood to lose or gain a single penny. This is not so this time when our countries' existence is at stake. To impose an embargo is like trying to extinguish a fire with gasoline. I am convinced of that. I know they are imbeciles, but they think sometimes. [applause] They are imbeciles. Maybe they are imbeciles, but they despise us. Sure, they despise us. Look at how many years we have undergone an embargo -- almost 26 years. Of course they despise us.

Now, we tell them: Make a comparison; see how we are faring with all of our indexes, all indexes. [Word indistinct] one of the countries that had many more resources. Make a comparison with what you have tried to depict as a standard model. I raise a lot of issues. When I am able to talk with some U.S. interviewers, I throw them off balance. I ask them to give me the rate of prostitution in a particular place and compare it with ours. Let's look at the number of beggars on the street. How many drugs are used in the United States, and how many are used here? I also ask them how many casinos they have, and how many are here. How many jobless people are there, and how many are here? What is the level of schooling in the United States, and what is it here? What is the number of children from 6 to 12 years of age who have had schooling there, and what is the number here? What is the percentage of schooling among children 13-16 years of age there and here? How many schools are in the United States and how many here? What is the teacher-student ratio there, and what is it here? How many doctors are there, and how many are here? What is the infant mortality rate there, and what is it here? How many die during their first, second, or third year of existence, etcetera, etcetera? No comparison is possible! I almost feel ashamed! I can really see them lose their cool when I ask questions! [applause] No comparison is possible! They have spent all their lives speaking nonsense, idealizing things, and besmirching others through their media in a desperate attempt to keep the revolutionary ideas from spreading.

So what? We have faced the blockade for 26 years. [laughs] They have no more weapons left to use against us -- nothing! Our trade with the Western world is insignificant, as 85 percent is secured with other countries. This crisis only affects us by 15 percent. We are the least affected and, logically, this is why we can raise a banner for this cause and speak up. There have been attempts to mislead public opinion. Now we are told that we are the first ones to pay our debts. Never before had Cuba been praised for this. On the contrary, bankers were told not to lend us money because supposedly we would not pay them back. Our debt is not with the Yankee banks. Our situation is the opposite of the foreign debt problem. Some of our debts are with governments that include Third World countries, such as Argentina. In other words, our foreign debt is insignificant, and we do not have a debt with the Yankee banks. [Word indistinct] almost provocative action. This gives me more moral strength to say: We do not have this problem; we are conducting this struggle for others.

This struggle is not new. How long ago did we begin? This is not a new invention or a public relations campaign. Although, fortunately, this is what they thought for months: that we were trying to improve relations through publicity. They did not know that we were conducting a struggle.

It is just that the time is right because we have been fighting these problems related to underdevelopment for approximately 15 years. Cuba has actively participated in the struggle for a new international economic order together with Algeria, Mexico, and other countries. Then, after the 1979 summit, we went to the United Nations, where we delivered a speech on this subject, which is still current. We could have it printed and distributed among you, so that you would confirm that this is not new, it is not a new invention, a new Cuban invention, or something that has been grasped or discovered today. As we said, in 1979 we mentioned the need for an additional \$300 billion for the development of countries in the next decade because it was obvious that the amounts allocated were insufficient and that the abyss between the rich and poor worlds was getting increasingly wider. We then said that the so called development did not exist, since what really existed was a relative underdevelopment, because we were really underdeveloped rather than developing countries. When Sweden, Switzerland, Belgium, the Netherlands, and Denmark had 10,000 [unit not specified], the Third World countries had between 200 and 300, and when the later reached 350, the first had reached 10,050, that is, 10,500.

We have been euphemistically called developing countries, when in reality we are underdeveloped countries that are becoming more and more underdeveloped, and farther apart from the others, the developed countries. What is the future of our world, of our 4 billion people?

This is not a new subject. There have been a few changes, because, as I said, in 1979 we proposed the cancellation of the debt of the poorest countries and ample facilities for the rest. We still proposed this in 1985, but the difference now is that we must all form a common front if we want to win this battle. Even those with resources, such as Mexico, Venezuela, and Ecuador, have many social problems. Venezuela, a country with so many resources, has an unemployment rate of 14 percent, which is steadily increasing. We are aware of the problems that exist, even in countries with great resources. So, that's why we say that we must think about the people, too, since in the long run they are the ones who will have to pay a debt they did not acquire.

Take for example, the case of a parent who receives a loan for a certain amount of money. He goes to a casino, plays roulette, and loses it all. Then, they want to collect the debt from his 5-year-old-son. That is a fact. They are collecting from someone who did not receive any money.

As some said yesterday, some took the money abroad with them and what was lent to the country was left in the country's reserves. [sentence as heard] Others took 40, 50 percent with them; some took more, others less, depending on the country. Some of the larger debtors took between 40-50 percent -- this money fled. From whom are they collecting? What is the moral basis for this unjust, cruel thing?

Some people thought differently 1 year ago. Before it was said that, according to religion, it was a sin not to pay. Now, you hear cardinals, bishops, priests, Christians who say: This cannot be paid, it should not be paid, and we are not going to pay. Recently, I saw a nun here, and I remembered how she spoke and explained things. She spoke about Bogota, its population, the hundreds of thousands of abandoned children who have no shoes, who are hungry. Another nun showed slides explaining it all.

When I saw such eloquent explanations and that strong language, I reached one conclusion: This debt is not only unpayable, but in addition it is a debt that cannot be collected. It is uncollectable. [applause]

Everyone is talking about this, and here we have talked about the stands of various governments. There is a certain logic to all this. Almost all of the governments, with very few exceptions, know that they cannot pay. They are convinced that they cannot pay. There are a few who still have hopes that they can pay. However, if the price of oil drops \$4, that is it, goodbye hopes. The price of oil is already \$4 below the OPEC price. Imperialism has been doing everything possible to lower the price of oil, by exporting petroleum from the North Sea and other places, through other means, using up the reserves they had accumulated. They are doing everything possible to lower the price of petroleum.

They are trying to create a situation that will bring about a crisis in a few countries. They will provoke a \$4 drop in the price of oil, which would not solve the problem for anyone else. If you tell Jamaica or Santo Domingo today that the price of oil has dropped by \$4 this solves nothing. Their problems are so serious, their crises so deep, that this does not help them at all. However there are still a few who harbor hopes that they can pay, and if the price of oil drops by \$4, then they lose all hope.

However, the vast majority is convinced that they cannot pay. Naturally, they are then hurled into a situation that they cannot resolve. They are renegotiating. They renegotiate practically every month. They are not in Cuba's shoes -- Cuba can speak out freely and with impunity. They cannot get tough or create difficulties. They do not say it, but they know they cannot pay.

Some international news agencies have used the tactic of asking specific, direct questions, trying to develop discrepancies. They first thought this was a public relations problem, and now they realize this is a serious movement. This is a real battle. They are desperate, they are trying to weaken us [applause], and one of the tactics they are using is that of availing themselves of any opportunity to ask direct questions, such as: What do you think about all this? They ask this question particularly to those countries that are negotiating and renegotiating every month. They cheat on them. The truth is that the debtors have been very careful, very respectful.

Naturally, the Yankees continue agitating, but there are even more absurd, unbelievable things. Some politicians are concerned because Cuba is raising this banner. [applause] Why? Because Cuba has been the victim of a blockade. It might be the target of an aggression. They even occupy part of our territory. They have taken away our sugar quota and distributed it throughout the world, like they did in the early years of the revolution.

The Cubans do not have a right in this world. They have a right to suffer everything. [applause] However, the Cubans have the obligation to be the target of discrimination. We do not even have the right to present an idea, or raise a banner, and much less the right to emphasize this idea. We have been bringing up these problems for over 15 years, for many years, bringing up this idea. Some react with a certain jealousy. They say Cuba is a terrible country. They worry more over Cuba raising the banner than over their own debt. There is something ridiculous here, something absurd, banalities, foolishness, jealousy. We would be willing to give away this banner to he who wants to raise it. Immediately we will give up this banner so someone else can raise it. Why did we raise the banner? Because others did not want to raise it. [applause]

We are not seeking glory or prestige. A true revolutionary never worries about these things.

Marti said that all the glory of the world fit inside a kernel of corn. One of the first things we learned was that a kernel of corn is very small. Only petty politicians and vain men worry about these things. Something a true Cuban revolutionary never worries about is prestige. It just is not part of the mentality, nature, character, the thoughts of a Cuban revolutionary. Some people worry about these stupid things.

Now, this has gained strength. This is a snowball that is gathering strength and cannot be controlled. It is being supported by the law of gravity, not of this world, but of a planet larger than this one. [sentence as heard] This snowball is growing and gaining more velocity. No one can stop it now. That is the truth, and everyone knows this. This ballet is already producing some benefits, because the powerful ones are scared and they have started to handle things more carefully.

On 4 July, the U.S. secretary of state met with all the Latin American representatives. Now, this is something unusual, holding this meeting in Washington on Independence Day, the day of the inherent and inalienable rights of the U.S. citizens, of the white citizens, but not, of course, of the slaves.

They have had their slaves producing even a century after their independence and producing at an increased value in order to finance capitalism.

The United States tells Latin America: Behave well; we are worried about you, and Cuba is making up these stories. However, some of the more intelligent ones in the United States are beginning to raise the problem. The assistant secretary of the treasury said it, and 24 hours later the secretary himself said this was outrageous and how could he have said this. It turned out to be public polemic. Kissinger, who is undoubtedly one of the most talented politicians of imperialism, has already raised formulas that are not too far removed from those we are bringing up. We have already observed there are hesitations in the ranks of the adversaries. That is the result of this struggle.

When they slightly extend the deadline in order to pay the capital in 10 years, 12, or 15, it is a result of this struggle. When they begin to make concessions, it is the result of this struggle and not the love letters. [laughter] Let this be made very clear. [applause]

Naturally, there are no technical formulas; there are simply no technical formulas. Some technocrats harbor illusions that there might be technical formulas for this. If a family receives \$40 per month and spends \$100, it needs \$200; however, it owes \$1,000. I want you to tell me if there is any technical formula for solving this problem. Yes, there is a technical formula: Cancel the \$1,000 and pay them the \$200 they need. That is the only technical, mathematical formula. Yet, that money cannot come out of a hat. It is not just the money they owe; it is the interests that are charged, the money that is stolen, the devalued dollar, the protectionist measures, the dumping [preceding word in English] and other things. This is not the first time that they have wanted me to raise this issue. The Latin American political leaders are the ones who must raise this issue. If the debt is canceled, is the problem solved? Is it possible to solve this problem without the new international economic order that the United Nations Organization approved 10 years ago? Is it possible to solve this problem without uniting, without adopting a firm stand? Now, I ask you: Is this possible?

If we are going to act with just a minimum of responsibility in the future of our countries, we must stop to think about what is going to happen 10 or 20 years from now?

However, there are still some individuals infected [as heard] with technicalities who believe in juggling things around. There are no technical formulas. This does not have a technical solution, not even for those who still have hopes.

In order to pay, one would have to do it at the cost of tremendous sacrifice. Imperialism will try to undermine the struggle. It will try to disarm that bomb, to impede this rebellion. Rather than losing it all, it is going to begin making concessions. It might even go as far as lowering the interests, extending the deadlines, and setting aside part of the money in order to begin making payments. However, then it would have to violate its own laws. (?Without this) they cannot spend trillions of dollars on weapons, have a budget deficit of over \$200 billion, plus a commercial deficit of over \$100 billion without printing money or buying dollars, or without having to sell bonds, which is what they have been doing in order to pick up money throughout the world. [sentence as heard] They have even taken money away from their capitalist allies in order to finance all of the crazy things they have been doing, since it is not possible to have these expenses and to have these budget deficits [Castro pauses] in foreign trade without increasing interest rates. They would have to begin canceling the capitalist systems. They cannot do that. However, if they handle this right, print more money...[rephrases] On the other hand, since they are afraid of inflation, they cannot put too much money into circulation because one of his [presumably Reagan] catch-phrases was to fight against inflation.

The result is that they are involved in a series of contradictions that they cannot solve. They are fighting like cats and dogs with their European and Japanese allies, a fight they cannot resolve among themselves. They are going to be left with little place and time to worry. When Kissinger said in Brussels or Holland that Latin America needed a Marshall Plan, I laughed. I laughed because we do not need one; we need at least 25 Marshall Plans.

We do not need those little formulas. Imperialism is going to try to undermine that struggle, to gain time, to solve a little problem. Somewhere where a crisis might break out, so give this one a little help, lend this one a little bit so he can pay the interest. However, judging from what I have seen, the interest keeps growing. Then, the debt keeps growing, and becomes more unpayable all the time.

If they were to charge 6 percent instead of 10 percent, the debt would still accumulate. If they gave a 10-year moratorium, after 10 years, Latin America would have to pay not \$360 billion, but over \$800 billion. If the interest was higher and accumulated, Latin America alone would have to pay \$1.4 trillion.

If they were to search for a technical formula, I would tell them: Gentlemen, do not pay the interest, and let us agree to start paying 10 years from now. Okay, that is a cancellation, and that is something else. A moratorium of 10 years, including capital and interest, that is the cancellation. It is the same thing, with a different name. It is rejecting, cancelling, erasing the debt, because 10 years from now, the Third World will owe \$2 quintillion. That is even harder to pay.

In sincerely believe it would betray the hopes of the Third World peoples to settle for 10, 15, 20, or whatever years. We are now in a position to gather great strength as never before, because now, we are not asking for \$300 billion for that Third World, like we did at the United Nations. Now, we are telling them: Do not be crazy, do not deliver those \$400 billion. For 10 years, all you will be paying is interest. That is the difference, that is the initiative that [word indistinct] of the Third World countries. This is a greedy, selfish world; it is an insatiable world.

We must unite in this aspect, and our unity is a tremendous weapon. We must impose the new order, and we will have many allies in this struggle, including some from the industrialized countries. We can convince them that this is even good for them, because they will have more sources of employment, they will be able to make better use of their industrial capabilities, their world trade will improve, and capitalism will be able to emerge from this crisis. This crisis is becoming longer all the time, and it will eventually expand out of sight. One thing that is not going to save itself is capitalism, in any form.

We do not want to be killed by capitalism, before it disappears. We want to live to see the day when capitalism disappears. [applause]

Therefore, Companero Diaz Rangel, there is no possibility of a solution. If the price of oil drops, this will put an end to the last hopes. There are still a few who are trying to figure it out, and based on a tremendous sacrifice on the part of their people, they feel that it might be possible to pay. Imperialism is going to try to seek conciliatory formulas to disarm this struggle that I started, and there are certain risks to this effect. That is correct.

They will make certain concessions. Let them behave like the [word indistinct] who went all the way to the end, and let the ones following me figure it out for themselves. Imperialism is helping Chile in this situation. It is lending Chile money so it can pay the interest. The World Bank, which is a decisive factor in the United States, lends Chile \$100 million for one project, \$150 [million] for another one. It is very clear that imperialism is trying to help because it is trying to see if it can deactivate the bomb there. However, it does not understand that nothing can save Chile, just like nothing can save apartheid. It is just a matter of time.

However, they are carrying out all sorts of maneuvers. Now, it is important that the masses join this struggle. It is basically important that the peoples develop an awareness. Those governments that are convinced they cannot pay will eventually reach an agreement with their own people. Those governments will increase their possibilities of gaining popular support, once their own people become convinced of the reality, which perhaps the government was afraid to bringing up before them.

We are not proposing that the masses develop an awareness with the idea of exerting pressure on the government. On the contrary, we are proposing to the governments who have to make such a decision that it is good if the masses are aware of this problem. It is also very important for the masses to develop an awareness so they can form part of this struggle, in order to guarantee the success of this struggle, to prevent conciliation formulas from cropping up behind the scenes. It has already been said here that parliaments have nothing to do with the agreements that are made concerning the debt.

The country and the people are committed, and the parliaments have nothing to do or say about this. The way in which this debt is being negotiated and renegotiated is not even democratic. The people should form part of the parliament; there should be mass organizations and political parties. Everyone should be participating in this issue. In order to win this battle, it is extremely important for the message to reach the masses.

Any government that respects itself will feel satisfied if it knows that it has the support of the people in the event that it must make a difficult decision. Any politician or individual who is worried about the future of his country and of his party would be happy, unless he is afraid of the masses. There are technocrats who are frightened of the masses. They think they are prophets, witchdoctors capable of finding magic formulas.

They are terrorized just thinking about the masses thinking and developing an awareness. Only under such circumstances could one explain the ridiculous acts of jealousy against Cuba. Just think: There are some who are jealous of Cuba after we have been defending freedom and rights for 26 years.

The first right we have been defending is that of independence and sovereignty. We have defended it with the courage of our people. As we defended the independence and sovereignty of this bulwark, we have been defending the independence and sovereignty of the rest of the Latin American peoples. [applause] We have been defending a hope. What was our first achievement for Latin America? The very first one? To distribute our [sugar] quota, which was taken away from us. Our country was deprived of its sugar quota, and it was distributed throughout Latin America. Everyone who had sugar participated in this distribution, a little bit here and there. Yet in Punta del Este, they discussed expelling Cuba from the OAS and from everything else. If we could move to the moon, they would have moved us to the moon. They have not done this because they have not been able to do it. The distribution of our sugar quota was our first revolutionary achievement. We obtained a sugar quota for everyone. Yet, there is still a country asking why if we purchase sugar in the international market, which we have done at times for our domestic consumption during a drought or to fulfill a commitment established years ago; we do not share the benefits of our trade with the USSR. That country [presumably the one first mentioned] even maintains relations with us, has not even looked in this direction, and yet received a large share of our sugar quota at a given time.

Well, the Alliance for Progress was a second conquest. They distributed \$10 billion of their own money because they were afraid of Cuba. Now, we would like them to condone the debt because they are afraid of Cuba, afraid of Cuba. [applause] We would really feel...[corrects himself] that is what we really want. Maybe they should do what we do with the Soviets. Some always say: No, Cuba is one of the countries with the highest debt and they begin calculating what we owe the Soviet Union. I am tired of repeating that our debts with the Soviet Union are automatically renegotiated every 10, 15 and 20 years without interest.

Very well, we must reach an agreement between the Third World countries and the capitalist developed world. We are going to renegotiate the debt every 15, 10, 15 [as heard] and 20 years without interests. There you are! You have an excellent technical formula. It is being enforced by Cuba in its relations with the socialist countries. That is what we want to do. However, they have no argument against this; they cannot hide their greed, selfishness, and their thirst for loot. They cannot hide this; the pirates cannot hide their crimes. That is their main problem. They cannot stop this ball. Above all, they will never be able to stop this ball if you and all the patriotic people -- women, students, workers, journalists, intellectuals, politicians, democrats, and progressive people -- spread this message among the masses. They will never be able to stop it and this will really be our only guarantee. [applause]

In addition, we have worked continuously with the Nonaligned Movement, the African countries, Asian countries. We have talked with the socialist countries, and many people in the industrialized world, creating the conditions to develop enormous solidarity and full support for all the countries which find themselves in a position to adopt desperate measures. The ideal thing would be for us to sit down and talk about all these things. We would even lend you the Palace of Conventions so that you may meet to discuss this. It would be televised via satellite to all the world. We would discuss everything to seek....[rephrases] and the ideal thing would be to sit down, discuss things, and find a solution.

That would be the ideal thing, my Ecuadoran [as heard] companero, but it is difficult to attain.

Another ideal thing would be for all the debtor countries and all the Latin American countries to sit down together and achieve a consensus on what should be done. That is the ideal thing, but I find it difficult to achieve. I think that things will start rolling when someone grows desperate and adopts a decision to suspend payments and proclaim, rather decree, a moratorium and proclaim this decision. Prior to this, all the conditions must be met; this means support and solidarity. We know that one bloc cannot prevent this so I will give you an example. I give you Cuba's example. Cuba could not be supported because our rights and our [word indistinct] were distributed. We were bad, a terrible thing, socialism. That is an infernal thing. How can this be? All these people must be quickly condemned to hell and annihilated, just like they now want to annihilate the Nicaraguan people. They want to annihilate any revolutionary country. That is the classical imperialist recipe. However, nothing will be achieved with this. I am fully convinced of this. That is the ideal thing and it will happen. Then what happens? Nothing at all! The U.S. imperialism is trying to undermine the efforts and it will succeed if the masses are not aware of this. If the masses become aware of this and reject payment of the debt, then we will be on the threshold of many revolutions, on the threshold of this hemisphere's revolution. We say this quite clearly so that it is fully understood by those who could do something to solve the problem. [Words indistinct], a term we have repeated many times and quite clearly, [words indistinct] achieve.

If the cancer is not eradicated, then it will mean the death of all the democratic processes. This goes without saying, the crisis is grave -- quite grave -- gentlemen, and we have clear examples. Take Peru, where a government is about to conclude its 5-year term. That government got 50 percent of the votes and exerted itself to pay the debt and follow the IMF's [word indistinct]. How many votes did it get this time? It got 4 percent, between 3 and 4 percent of the votes. I think it barely got 4.5 percent of the votes 5 years later.

The deterioration process is now much faster. These things are clear and we understand them. The imperialists understand them better than anyone. A revolutionary, a politician understands them better than anyone. These are inviolable laws! Do you think that a pretty face or charming demeanor will help you maintain popularity with simple words and phrases, while the people suffer tragedies every day? This will not last long. It will not last 5 minutes. There are people who believe that publicity is an act of magic. Of course there are governments who will win elections due to publicity. They hire Yankee specialists, project a good image on television, spend hundreds of millions, and get elected. However, it is easier for them to fool the people on election day than it is to fool the people for 30 consecutive days, after they are in government and fail to solve problems. Lincoln rightfully said that you could fool some of the people part of the time, but you cannot fool all the people all the time.

Thus, you come to election day, the culminating moment. The guy is an angel, an apostle, a saint, an incorruptible man, and a magician. He will solve all the people's problems. So, they voted for the man. We can rightfully say that the people may be fooled many times during a day, but by the 30th day or the 45th day, you begin to lose ground. Sometimes you make an effort and try to mend things once and again. The problem is that you used to slide downhill, but now you are falling fast, head over heels. The problem is different now: You are no longer facing a decline, you are facing an abyss.

Of course, I do not want to extend myself too much. I think I have taken up enough of your time. I think that there only remains one idea, the idea about an important opinion.

I think that in all we have discussed, we have discussed two important things: the need to reject the debt, liquidate the debt, and the need to establish a new international economic order. The third important thing to be discussed is our economic integration. These three things are necessary. If Europe, Spain, the UK, the country which threatened industrialization, discover that they cannot develop without an EEC, how can our small Central American, South American countries develop themselves without Latin American economic integration? Consequently, I think that there are three basic ideas: cancel the debt; attain a new international economic order; and attain Latin America's economic integration. These ideas should be defended as of this moment, and everyone is talking about this. I think that this battle will represent a giant step on the road to integration. Finally, an idea. It is no longer a pillar [pillar]. A basic idea of this struggle against this economic crisis, our struggle to solve this problem, and our struggle for development and world peace. The cause of peace has enormous strength in all industrialized countries of Europe and other places, but not so much in Third World countries. These countries have no time to think about peace because they starve in the midst of peace. They also die from disease. These countries wage a daily war, but the banner of peace has much strength in the world and among all thinking people in Europe.

We are presenting things in these terms so that the Third World's struggle for peace will be linked, because if... [rephrases] The interest that we are paying is being invested in arms, in military expenditures, in the arms race, in rearmament. All that money is taken away from the children who are going hungry, who do not have medicine or anything, whose families are unemployed. It is being spent. It is those \$300 billion spent by the United States, the hundreds of billions spent by the capitalist industrialized countries, the millions [rephrases], and in addition they force the socialist countries to spend more millions. What need do the socialist countries have for an arms race or a military industry? None at all. It is a need that was imposed on the socialist camp from the very moment the first socialist state emerged. That is the truth. Everything else is pure fantasy.

[Words indistinct] paid with these interests and with this unequal trade and the \$20 billion they stole from us in 1985 [corrects himself] in 1984 when we exported \$95 billion, and they paid us \$20 billion less than what it was worth in 1980. We are giving more, and they are paying less. We make efforts, we break our backs to export, and what we export brings less each year. They are spending this on rearmament and the arms race. Thus the idea that there should be a close link between the struggle against the foreign debt, for the new international economic order, and for development and peace.

This will gain strength because even in the industrialized countries there are millions, tens of millions, hundreds of millions who would be willing to support the struggle. We should struggle so they will support us. A North American spoke here with much precision and eloquence, promising to wage the battle there. There are millions and tens of millions of people like him in the United States, Europe, Japan, Canada -- the industrialized world whose voracious system is plundering us and wants to starve us.

I think that after all our discussions, after listening to excellent statements, and in general all the statements were of good quality, we need only to understand these basic ideas. These are basic points in this battle. I do not know why, but I have the conviction that this meeting, this debate we have held, will be of historic importance in this struggle and the victory we can achieve. We can and will achieve that victory. [applause]

COMMENTARY CALLS FOR DEBT CANCELLATION

FL101552 Havana Television Service in Spanish 1145 GMT 10 Jul 85

[International commentary by Roberto Alvarez Quinonez on "Revista de la Manana" program]

[Excerpt] Good morning, viewers. Latin America's foreign debt crisis, the recession and adjustment, and hunger and poverty policies demanded by the IMF and transnational banks are generating a fast definition of positions on this problem. The problem is that if the debt is not canceled in Latin America, the democratic systems initiated in different countries of the continent could be damaged.

The UN General Assembly's president, Paul Lusaka, recently said that the debt problem is helping to destroy development; that is, the IMF is creating very difficult conditions for the debt payment so that countries cannot develop. Lusaka literally says: We cannot be passive.

Peru's president-elect -- a young 36-year-old president -- said Peru is first, then the foreign debt; first our children and then the banks' profits.

France's former foreign minister, who is now EEC commissioner, Claude Cheysson spoke about Latin America's hopelessness. Yesterday, Cheysson accused the United States of betraying its free enterprise principle. He literally said: I think it is incredible that a country who calls itself the champion of free enterprise, of free economy, can publicly put pressure on us -- the EC -- to discontinue the priority we give to citrus products from meridional Mediterranean countries, North African and Middle East countries.

Of course Cheysson is an EEC spokesman and the EEC is not free of blame on this, because it has strong protectionist barriers against underdeveloped countries, but this accusation shows something that had not been said before, which is, the United States directly and openly pressures the community countries so that it restricts the products entering the community, not the United States but to the community. So, the United States pressures in an unfair way to promote protectionism.

I talked with many journalist delegates attending the Federation of Latin American Journalists (FELAP) congress which you know has just closed in Havana, and there is a general consensus among all journalists from different Latin American countries that Latin American governments know the foreign debt is unpayable, but they either do not dare or cannot say it publicly.

In Argentina's case, for example, the comrades say that the IMF's demands, which have already been enforced for some time, will undoubtedly cause a recession. They were even saying that magazine sales in Argentina have dropped by 50 percent already. Therefore, their jobs are at risk.

On the necessary unity, which was mentioned by Fidel the day before yesterday's press conference, all journalists agree that without that unity, Latin American countries individually will not be able to achieve anything.

Journalists from different ideologies meeting in Havana all agreed that sooner or later the continent has to unite in one way or another to present a firm and common front to Western banks.

EIGHTH ANPP MEETING CONCLUDES SESSIONS

FL110038 [Editorial Report] Havana Television Service in Spanish at 1805 GMT on 10 July is monitored in progress while broadcasting a recorded transmission of the afternoon session of the second work day of the eighth regular meeting of the National Assembly of the People's Government [ANPP] from Havana's Palace of Conventions. The event is presided over by Commander in Chief Fidel Castro and ANPP President Flavio Bravo.

When the station is first monitored, Castro is seen addressing the deputies on Granma Province's advances and problems. A discussion of the Granma report read during the morning session ensues, after which this and other provincial reports are approved. This is followed by a report on the work currently under way to draft a new civil code, the final version of which will be approved at a future Assembly session.

As the next point on the agenda, Dr (Omara Guanton), who works in a rural area in Granma, makes a guest appearance to narrate her experiences about her work and the problems she has found in carrying out her duties.

Later a deputy reads a proposal on the delegation attending the women's conference in Nairobi, noting imperialism's efforts to jeopardize this event and saluting the participating delegations. This proposal is also approved.

Further on, Rodrigo J. Garcia Leon, president of the State Committee for Finance [as heard], reads a report on the 1984 state budget, which stresses positive aspects. Jose Veitia, chairman of the ANPP Global Economic Activities Committee, then reads this body's report on the budget, noting advances and problems and making recommendations. Both reports are unanimously approved, after which a deputy reads a communique from the Global Economic Activities Committee on the foreign debt, expressing solidarity with Castro's stand on this issue. This communique is also approved.

Next, ANPP Vice President Severo Aguirre proposes that the Justice Ministry and Matanzas Province be the next ones to present their reports to the ANPP, and this proposal is applauded and unanimously approved.

As the final point in the agenda, Bravo delivers the closing statement, noting the advances made and the satisfactory results of the work performed, while calling for a commitment to step up efforts in all areas. Towards the end of his statement he comments on the "dramatic" international situation, criticizing the "fascist steps" currently being taken by the Reagan administration, whose stance on world problems he describes as "foolish" and "arrogant." Finally, he stresses Cuba's preparations for defense in light of the currently tense international situation, predicting that under Fidel's invincible leadership, Cuba will march toward new victories. A round of applause follows.

Transmission of the event concludes after 2 hours and 11 minutes at 2016 GMT, and the station goes off the air.

FIDEL CASTRO MEETS COLOMBIAN CONGRESSMAN

FL102115 Havana Domestic Service in Spanish 1820 GMT 10 Jul 85

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, met with Colombian Congressman Dr Jaime Betancur Cuartas, who is visiting Cuba with his wife, Mrs Ifigenia Velez de Betancur.

During the meeting, which was held in a cordial, friendly atmosphere, Betancur gave the commander in chief a message sent by Colombian President Dr Belisario Betancur.

Dr Jaime Betancur is in Cuba at the invitation of the Cuba Institute of Friendship with the Peoples, ICAP. While in Cuba, he has visited various cultural, historical, scientific, and education centers. Rene Rodriguez Cruz, ICAP president, also participated in the meeting between Castro and Betancur.

Receives Message From Betancur

PA102307 Managua Domestic Service in Spanish 2234 GMT 10 Jul 85

[Text] Havana, Cuba -- Colombian President Belisario Betancur sent, through his brother Jaime, a personal, secret message to Cuban President Fidel Castro which the Cuban leader received yesterday, official sources have said here. A jurist and member of the Colombian state council, Belisario [as heard] was received by Castro in a cordial and friendly meeting, the source added.

FIDEL, RAUL CASTRO ADDRESS YOUTH DELEGATION

FL041352 Havana Domestic Service in Spanish 1100 GMT 04 Jul 85

[Text] Commander in Chief Fidel Castro has met in Havana with the delegation to the 12th World Youth and Student Festival to be held in Moscow. Castro discussed topics related to the current international economic and political situation, in particular, the cancellation of the foreign debt and the creation of a new international economic order.

Army General Raul Castro, in a solemn ceremony at the University of Havana, awarded banners to the Cuban delegation to the festival. Castro also greeted and congratulated the delegation and said that it represents the best of Cuban youth.

Cano Blanco Meets Delegates

FL271602 Havana Television Service in Spanish 1227 GMT 27 Jun 85

[Text] Miguel Cano Blanco, alternate member of the Politburo and first secretary of the provincial committee of the party in Holguin, has taken leave of the 38 local delegates to the 12th World Youth and Student Festival to be held in Moscow.

The party leader received an album with the photographs and condensed biographies of the delegates who are most outstanding in studies, work, and defense and who will represent Holguin in this important event.

TRADE UNION DELEGATES ARRIVE FOR CONFERENCE

FL101820 Havana Television Service in Spanish 1700 GMT 10 Jul 85

[Text] Twenty Colombian and Costa Rican guests have arrived in our country to participate in Latin American trade union conference on foreign debt to begin on 15 July.

Roberto Veiga, alternate Politburo member and Central Organization of Cuban Trade Unions secretary general, and other trade unions secretary generals welcomed them at the airport.

CTC LEADER MEETS WITH UNION LEADERS IN PANAMA

FL100337 Havana Domestic Service in Spanish 2300 GMT 9 Jul 85

[Text] The Latin American and Caribbean trade unions conference on the foreign debt will decisively help increase the workers' actions against the payment of the foreign debt and IMF impositions and promote action in favor of a new economic order, Ramon Cardona, member of the Executive Secretariat of the Central Organization of Cuban Trade Unions [CTC] has asserted. The Cuban leader is visiting Panama City, where he has held talks with several Panamanian trade union leaders about this event, which will be held next week in Havana.

DELEGATION LEAVES FOR KENYA WOMEN'S CONFERENCE

FL091308 Havana Television Service in Spanish 0000 GMT 09 Jul 85

[Excerpt] The Cuban delegation that will participate in the women's conference to be held in Nairobi, Kenya, left this morning for that African country. Vilma Espin, president of the Federation of Cuban Women, heads the delegation.

Arrives in Kenya

FL110106 Havana Domestic Service in Spanish 2130 GMT 10 Jul 85

[Text] Nairobi -- The Cuban delegation to the World Conference on the UN Decade of Women has arrived in Nairobi along with representatives from other Latin American countries. The delegation, headed by Cuban Women's Federation President Vilma Espin, will also participate in Forum-85, another governmental women's meeting. The Cuban women were met at the airport by the Kenyan culture and social services minister.

GUYANA TO HOLD LEGISLATIVE ELECTIONS IN MARCH

FL081544 Havana Domestic Service in Spanish 1100 GMT 8 Jul 85

[Text] Guyana's President Forbes Burnham has announced elections for members of the legislative will be held next March.

SCHEDULE FOR HAVANA CITY PROVINCE WATER RATIONING

FL081952 Havana Domestic Service in Spanish 1420 GMT 8 Jul 85

[Text] Beginning today, a water quota assignment plan will be in effect in Havana City Province. The water schedule, which have been adjusted by the provincial command post for the capital's water supply, is as follows:

The municipalities of Marianao, La Lisa, and Playa will be supplied water from 6 to 8 hours daily. Habana del Este, Guanabacoa, San Miguel del Padron, and Regla will be supplied water 10 to 12 hours daily every third day. Six suburbs in El Cotorro will be supplied water daily. The rest of the territory will be supplied on alternate days. The municipalities of Plaza de la Revolucion, Centro-Habana, 10 de Octubre, Cerro, and Habana Vieja will be supplied water daily. Some areas and suburbs will not be supplied water via the aqueduct system but will receive it through the centralized system of tank trucks.

CARICOM NATIONS INCREASE EXPORTS TO UK

FL100231 Bridgetown CANA in English 2050 GMT 9 Jul 85

[Text] Bridgetown, Barbados, July 8, CANA -- Exports from 12 of the 13 Caribbean Community (Caricom) states to Britain more than doubled in the first quarter of this year, according to the latest trade figures released by the British High Commission. Caricom nations, except Belize, sold Britain 147.6 million pounds sterling worth of goods, well above the 68.3 million pounds for the first quarter in 1984. Imports from Britain were also up, moving from 75 million pounds last year to 119.5 million pounds, a rise of 60 per cent. Eight of the Caribbean countries -- Barbados, the Bahamas, Guyana, Trinidad and Tobago, Dominica, Grenada, St Lucia and St Vincent and the Grenadines -- increased their exports during the period. The others -- Jamaica, Antigua and Barbuda, Montserrat, and St Kitts and Nevis -- experienced a decline.

Barbados exports to the UK during January-March were put at six million sterling as against four million pounds for the same period last year, while imports moved from 7.4 million pounds to 8.7 million pounds. Exports from the Bahamas to the UK during the first quarter of this year stood at 58.8 million sterling compared with 1.2 million for the same period last year while imports rose from 13.8 million pounds sterling to 53.4 million pounds. Guyana export sales reached 14.2 million pounds, up from 13.2 million sterling. Imports rose marginally to 4.1 million sterling from 3.6 million.

Jamaica's trading with Britain moved into deficit over the period. Exports dropped from 14.5 million pounds to 10.7 million pounds this year while imports rose by 200,000 sterling to 11.8 million.

Trinidad and Tobago's exports rose to 40.1 million pounds from 29.1 million pounds and imports fell from 24.6 million pounds to 23.6 million pounds.

Exports from the Organisation of Eastern Caribbean States (OECS) during the first quarter of this year stood at 23.2 million sterling compared with 9.9 million sterling for the same period last year. OECS imports from Britain also increased from 13.6 million sterling to 18.1 million sterling.

BAHAMASADDERLEY CONDEMNS INTERNATIONAL TERRORIST ACTS

FL101439 Nassau THE TRIBUNE in English 29 Jun 85 p 1

[By Colin Higgins]

[Excerpt] Government leader in the Senate Paul Adderley on Thursday expressed the "abhorrence" of the Bahamian Government for the "cruel" and "criminal" acts of international terrorists in pursuit of political objectives, and senators unanimously passed the Suppression of the Taking of Hostages Act, 1985.

Opposition Senate leader Henry Bostwick said it was always a pleasure to rise in the chamber and endorse the views of the government leader.

Senator Adderley, who is also attorney-general and minister of education, drew attention to the American TWA passengers being held hostage in Beirut and said irrespective of the objective of terrorism, it ought to be abhorred and condemned by civilized persons.

BARBADOSNATION ON HOLDING CARICOM MEETING IN GUYANA

FL101818 Bridgetown CANA in English 1718 GMT 10 Jul 85

[Text] Bridgetown, Barbados, July 10, CANA -- The NATION newspaper said today that Caribbean Community (Caricom) leaders may have given legitimacy to the Guyana Government of President Forbes Burnham by agreeing to Georgetown hosting their 1986 summit.

The paper said that there were rumbles that regional leaders should not meet in Guyana where the Burnham government, which has ruled since 1964, is accused by its opponents of human rights violations and rigging elections.

The NATION, in an editorial, made reference to the holding of free and fair elections in Guyana, and said that during the just concluded sixth Caricom summit in Barbados, President Burnham was not made to feel any discomfort or embarrassment. There were no demonstrations, no protests, not even a mildly worded proclamation of the presence of the Guyanese colony in Barbados. The rumbles of dissatisfaction and disappointment that Caricom VI should have agreed that Caricom VII should be held in Georgetown are, to say the least, unexpected.

The rumbles are to the effect that by agreeing to convene in Georgetown, the heads of government are giving -- or, at least, lending -- legitimacy to the Guyanese regime and its methods of conducting its affairs and that, to show their disapproval, they should not meet in Georgetown, added the NATION.

There would, no doubt, be a strong supporting sentiment for such an action, but there is an equally strong reason for recognising that, by offering his country as host for Caricom VII, President Burnham had scored a major diplomatic triumph, especially since the meeting is scheduled to be held after the date announced for general elections in March, 1986, the NATION said.

GRENADAJAMAICA, TRINIDAD-TOBAGO TO EASE RESTRICTIONS

FL101812 Bridgetown CANA in English 1711 GMT 10 Jul 85

[Text] St George's, Grenada, July 10, CANA -- Jamaica and Trinidad and Tobago have promised early positive action on Grenada's complaints about travel and trade restrictions in the two Caribbean Community (Caricom) member countries, according to Prime Minister Herbert Blaize. In a radio broadcast last night, Blaize said the pledge had been made by Trinidad and Tobago Prime Minister George Chambers and his Jamaica counterpart Edward Seaga during last week's Caricom heads of government conference in Barbados.

Grenadians, who had been accustomed to easy entry to Jamaica and Trinidad and Tobago, suddenly found they needed visas to enter the countries late in 1983. The restrictions signalled the two governments' displeasure with a military junta that had replaced leftist Prime Minister Maurice Bishop after a bloody coup. The junta was quickly unseated in a U.S.-led invasion of the island, but the restrictions have continued.

Grenadian traders also complain of difficulties in getting money to spend in Trinidad, as well as in bringing back goods, because of foreign exchange restrictions imposed by Port-of-Spain.

On the visa affair, Blaize said he was able to get commitments from Seaga and Chambers that we can expect early positive action on these items. But with both leaders on foreign trips, Blaize said, we might have to wait for another couple of weeks before we can get any results.

Chambers last week left Port-of-Spain for trips to Britain and the Far East, while Seaga was today flying out from Jamaica for visits to France and Japan.

On the trading problem, Blaize remarked: The officials have set in motion a machinery that will facilitate the exchange of goods and help the traffickers to have a much easier time.

BLAIZE DISCUSSES RADIO STATION IN ADDRESS

FL101719 Bridgetown CANA in English 1612 GMT 10 Jul 85

[Text] St George's, Grenada, July 10, CANA -- Grenada's Prime Minister Herbert Blaize said a private radio station had been closed by the authorities because it had violated the law by not obtaining a broadcast license, but indicated the government was willing to hold further discussions with the owners. Blaize made the announcement in a radio address last night against the backdrop of the police closure Friday of FM 90 Radio La Baye after one week of broadcasting, and the brief arrest of its main organiser journalist Stanley Charles.

Blaize said the customs authorities were also upset because equipment for the station had been imported under a false declaration. He said the Grenada cabinet had indicated to the promoter that it was prepared in principle to entertain discussions on the proposal for setting up the station, but wanted to obtain certain matters first about the proposal, such as the people primarily involved.

Blaize said that under the laws of Grenada, a license would have to be obtained before a radio station can operate. The law would also detail the specific form the license should take, and who should sign the license. None of these requirements have been met by the promoter concerned with Radio La Baye. No license to operate a radio was ever given him. All he had been told was that an FM service was acceptable to government in principle, he said. Blaize acknowledged that Charles was given a frequency line by the government Communications Department, but said more formalities were still to be completed.

In an interview with CANA, Charles said he had brought in equipment described as a monitor but after some adjustments were made, it became a transmitter. He said the total equipment cost EC150,000 dollars (one EC dollar: 37 cents U.S.) but this is only a fraction of the real price because of careful buying and help from friends.

Charles met Blaize yesterday but declined to disclose details of their discussions. He indicated, however, that it may be some time before Radio La Baye was back on the air.

TRINIDAD AND TOBAGO

GOVERNMENT CONSIDERS DUAL CITIZENSHIP ISSUE

FL091454 Bridgetown CANA in English 1400 GMT 9 Jul 85

[Text] Port-of-Spain, Trinidad, July 9, CANA -- The Trinidad and Tobago Government is considering the issue of dual citizenship, and Attorney General Russel Martineau is preparing a paper on the subject for submission to parliament, Prime Minister George Chambers has announced.

Chambers made the disclosure Sunday when he addressed Trinidad and Tobago nationals in London where he is on an official visit, local television reported last night.

The state-owned Trinidad and Tobago Television (TTT) has a three-man crew accompanying the prime minister on his tour of the United Kingdom, China, South Korea and India.

Chambers said that he had been reconsidering the citizenship issue in the light of certain hardships suffered by Trinidad and Tobago nationals living in Britain. At present, this government does not allow dual citizenship, unlike Jamaica, Barbados, Guyana and other Caribbean countries.

DEMONSTRATORS SUPPORT SEVERANCE PAYMENT BILL

FL101450 Bridgetown CANA in English 1438 GMT 10 Jul 85

[Text] Port-of-Spain, Trinidad, July 10, CANA -- Some 200 people demonstrated outside the Senate yesterday in support of government's controversial new severance payments bill as the upper house began debate on the measure. The bill establishes legal procedures for redundancy in certain establishments and a mechanism for terminal benefits. The bill has generated much heated debate. The business sector has protested, in particular, over a clause inserted during lower house debate which makes all severance benefits without limitation the first charge on the assets of a company which has gone into liquidation.

On the other hand, trade union leaders have complained that the bill is taking too long to go through parliament as, they charge, employers are unnecessarily retrenching before the bill -- as law -- puts restrictions on payments.

I am sure that based on the experience which we have had in the Ministry of Labour, even in the absence of this legislation, 99.9 per cent of employers would wish to do a little better than what we are recommending, Labour Minister John Donaldson told Senate when he opened the debate.

Opposition Senator Alloy Lequay charged that the bill had been a cause of genuine fear and concern in the financial community, and he asked that the minister meet representatives from the financial sector to discuss the inserted clause. Lequay said that the economic situation in the country demanded all sectors to get together on how to save jobs, not preside over unemployment and retrenchment.

Many of the people who demonstrated outside during the debate were dismissed from the car assembly plant, Amalgamated Industries Limited (AIL), which retrenched over 300 people two weeks ago. The two unions behind the demonstration were the Transport and Industrial Workers' Union (TIWU) and the powerful southern-based Oilfield Workers' Trade Union (OWTU).

BURNHAM REPORTS LOW UNEMPLOYMENT, 2-PERCENT GROWTH

FL101413 Bridgetown CANA in English 1838 GMT 9 Jul 85

[By Rickey Singh]

[Text] Bridgetown, Barbados, July 9, CANA -- When Guyana President Forbes Burnham said here last week that the unemployment level in Guyana was about ten per cent, it must have come as a surprise to the labour movement in Georgetown, as well as regional and international institutions that closely monitor economic trends in the Co-operative Republic.

The World Bank, for example, in its most recent country report on Guyana, declared the country to be not credit-worthy for non-concessional financing, and records loss of employment in the public sector alone to be 25,590 between 1980-84.

Burnham gave his assessment on Guyanese unemployment at a press conference at Sam Lord's Castle last Saturday on the conclusion of the sixth summit of the Caribbean Community (Caricom).

In response to an observation that his 10 per cent figure contrasted sharply with what the Guyana Trades Union Congress estimates of at least 30 per cent, Burnham said this would depend on the criteria employed to determine employment.

He said that many Guyanese regarded as being unemployed were self-employed.

President Burnham also said he was happy to note that the World Bank had reported economic growth of the Guyana economy by five per cent last year, when his own government had estimated real growth at two per cent. However, while accepting the World Bank's growth assessment -- which also differs from the two per cent recorded by the Caribbean Development Bank (CDB) -- Burnham made no mention of the World Bank data on public sector employment that show a progressive decline.

Before the restricted circulation of the World Bank's country report, the CDB's own assessment of the economic situation in the Co-operative Republic was made known when the regional financial institution held its Board of Governors meeting in Barbados last May. The CDB's annual report for 1984 said in a brief review of the Guyana economy that real gross domestic product (GDP) is estimated to have increased from U.S. 213.6 million dollars in 1983 to U.S. 224.5 million dollars in 1984, or by two per cent.

The underlying trend of continuing emigration and declining job opportunities was a major contributor to the growing shortage of managerial and other skilled manpower in the economy during 1984, said the CDB report. It went on: At the same time, unemployment remained high compared with an estimate of 26 per cent in 1983. Unemployment is estimated to have increased to over 30 per cent in 1984.

The World Bank's country report states that the economic crisis of the second half of the 1970's persisted through 1981-83, with output in 1983 approximately 18 per cent lower than the level in 1979. Public sector savings have been negative since 1981, and the overall deficit widened from 13 per cent in 1978 to 60 per cent in 1984.

Despite a fall in exports during 1980-84 of 44 per cent, the resource gap has widened by only 14 per cent, the reason being a substantial decline in imports during the period, the World Bank added.

At the end of 1984, Guyana's external arrears amounted to U.S. 625 million dollars (one Guy doll: 22 cents U.S.), or 158 percent of gross national product (GNP).

The World Bank noted that the Burnham government is in arrears on most of its external debt. In 1984 its debt service payments (interest and amortization) amounted to 31 million dollars (U.S.), or 13 per cent of the exports of goods and non-factor services, compared to scheduled payments (excluding arrears) of 88 million dollars U.S. or 38 per cent of exports of goods and non-factor services.

The World Bank concluded that Guyana is thus not credit-worthy for non-concessional financing.

In terms of development prospects, the Bank's overview has led to the conclusion that Guyana may be able to attain by 1990 the production levels of 1975, while export levels in real terms should be restored by 1995 to those of 1977.

Guyana's indebtedness has contributed to its problems with the IMF, which has declared it to be ineligible at present for any further facility from the fund.

The U.S. AID last month closed down its offices in Georgetown, charging the government with failure to honour debt repayments.

At the just-concluded Caricom summit in Barbados, the Trinidad and Tobago prime minister, George Chambers, urged President Burnham for his government to begin clearing off its debt to the twin-island state. Guyana's indebtedness to Trinidad and Tobago, including loans under the Republic's oil facility, the Multilateral Clearing Facility, aid and other payments, is estimated at TT500,000 dollars (one TT doll: 41 cents U.S.). The Burnham government also has U.S. \$6 million in arrears to the CDB.

President Burnham said that he and Chambers have agreed on the modalities for repayment by Guyana of arrears to Trinidad and Tobago. He also said he had worked out with the president of the CDB how his government would meet its debt obligations to this regional institution. He said he could not give details to the press in either case.

With respect to his government's indebtedness to the Multilateral Clearing Facility, under which about U.S. 60 million dollars is owed to Barbados alone, the Guyanese president said that if decisions arrived at from discussions at the summit were followed through, it may be possible, short of unforeseen circumstances, to settle his debt in five years. Summit sources have disclosed that Guyana has promised to make at least U.S. one million dollars repayment to the CMCF by year end.

Caricom countries most affected by the non-functioning of the facility, said the sources, would closely monitor this particular repayment in order to determine if and how the Co-operative Republic would benefit from the proposed trade credit facility agreed to in principle by the Sam Lord's summit.

INTER-AMERICAN AFFAIRSDRUG CONTROL CONFERENCE CLOSES IN SANTIAGO

PY101930 Santiago EL MERCURIO in Spanish 28 Jul 85 p C 3

[Excerpt] The major conclusions of the third conference on drug control, which ended yesterday in Santiago, were the establishment of an information office in Argentina, the site of the next conference; the establishment of necessary communications systems in six countries for expeditious police action against drug trafficking; and the recognition of the need to carry out periodic campaigns against the use of drugs. This conference, which was cosponsored by the U.S. Drug Enforcement Administration, was attended by high-ranking police chiefs from 19 Latin American and European countries. General Rodolfo Stange Oelckers, Chilean Carabineros deputy director, chaired the conference. He reported that in yesterday's session, the delegates outlined issues pertaining to narcoterrorism, which will be discussed in depth at the next conference, to be held in Argentina in April 1986. The delegates elected Argentine General Arturo Lopetegui chairman of the next conference.

DOMINICAN REPUBLICJORGE ANNOUNCES WAGE HIKE; STRIKE CALLED OFF

FL101623 Bonaire Trans World Radio in English 1130 GMT 10 Jul 85

[Text] Union leaders in the Dominican Republic have called off a scheduled 48-hour strike after President Salvador Jorge Blanco announced salary increases for some 2,000 public employees. In an emergency meeting Monday night, leaders of the nation's labor unions voted to suspend the walkout after the president gave a nationwide address during which he agreed to raise the minimum wage from \$63 to \$83 a month. The president said the money for the increases would come from the state-owned Rosario Dominicana gold mine.

URUGUAYNICARAGUA'S RAMIREZ ON MEETING WITH SANGUINETTI

PY101159 Montevideo Radio Carve in Spanish 0000 GMT 10 Jul 85

[Text] President Sanguinetti has endorsed a peaceful solution to the Central American issue. The head of state met with visiting Nicaraguan Vice President Sergio Ramirez for more than an hour. At the end of the meeting, which Foreign Minister Iglesias also attended, Ramirez stated the following:

[Begin recording] I want to tell you that this was a very positive meeting. We are encouraged by President Sanguinetti's interest in finding a peaceful solution to the Central American issues concerning my fatherland, Nicaragua; in giving new impetus to the mechanisms of the Contadora Group; and in giving concrete support, along with Brazil and Argentina, to the Contadora Group for [word indistinct] a consultation mechanism. I see in President Sanguinetti's interest a very important force for the South American countries to actually take a realistic, concrete stand, one that will help us overcome the crisis we are going through because of the foreign aggression that Nicaragua is enduring. Indeed, Uruguay is interested in an active role, one that will contribute to achieving peace in Central America. Uruguay is interested in a resumption of the dialogue between Nicaragua...[end recording -- in progress]

Those were comments by Nicaraguan Vice President Sergio Ramirez.